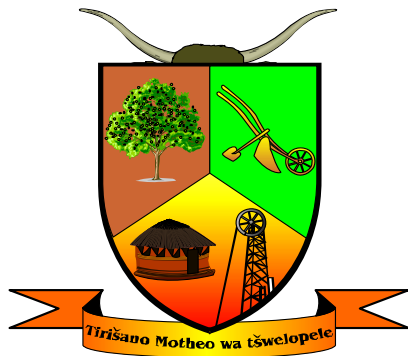


Annual Budget of Fetakgomo Local Municipality



2012/13-2014/15

Medium Term Revenue Expenditure Forecasts

Copies of this document can be viewed:

- At the municipal library
- Municipal offices located at the reception
- At www.fetakgomo.gov.za

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ACRONYMS AND TABLES

MFMA	Municipal Finance Management Act 56 of 2003
MSA	Municipal Systems Act 32 of 2000
MPRA	Municipal Property Rates Act 6 of 2004
MIG	Municipal Infrastructure Grant
LGSETA	Local Government Sector Education Training Authority
CoGHSTA	Department of Cooperative Governance Human Settlement and Traditional Affairs
COGTA	Department of Cooperative Governance and Traditional Affairs
MTREF	Medium Term Revenue Expenditure Framework
LED	Local Economic Development
MMBRR	Municipal Monitoring and Budgeting Reporting Regulation
EPWP	Expanded Public Works Programme
VAT	Valued Added Tax
CPI	Consumer Price Index

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Municipal Manager's Quality certification

I, **Motlanalo Lebepe**, the Municipal Manager of Fetakgomo Local Municipality, hereby

Certify that the budget has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act and that it is consistent with the Integrated Development Plan

Print name: _____

Municipal Manager of Fetakgomo Local Municipality

Signature : _____

Date : _____



The State of the Municipal Address by Councilor R E Sefala of the first IDP Budget Review 2011/12-2015/16

Master of Ceremonies, The Honourable Speaker; Members of the Executive Committee; The honourable Councillors; Our Traditional Leaders; The Business Community; Representatives and leaders of Civil Society, Youth, Women and People with Disability, Sector Departments, municipal government professionals and other keen observers, Distinguished guests and all and sundry!

It is indeed with a great honour to table before you the first review of the Five Year, 2010/11-2015/16 IDP/Budget in the context of this State of the Municipality Address (SOMA). Moreover, this is the first official State of the Municipality Address of our 3rd democratically elected Council of the Fetakgomo Local Municipality.

This State of the Municipality Address notes as the President of our country did in his sterling State of the Nation Address on the 9th February 2012 that the year 2012 is so “special” and “significant” in the history of our country. Its speciality and significance stems from the fact, 2012, are the year that marks the centenary of the ruling party, the African National Congress.

Kgosi-Kgolo King Sekhukhune II was an integral part of the generation that established the ANC. He participated at the founding Conference of the ANC in 1912 at Mangaung, Bloemfontein. He represented the people of Sekhukhune and contributed a substantial role in the struggle for liberation in our country. At the founding Conference of the ANC, he was

with the likes of Sefako Mapogo Makgatho from around Ga-Mphahlele – thereto witness the election of the first President of the ANC Comrade John Dube.

Master of Ceremonies

We acknowledge too, the contributions of other ANC Presidents after the founding President John Dube, in this regard President Sefako Makgatho (1917-1924), President Zac Mahabane (1924-1927 and 1936-1940), President Josiah Gumede (1927-1930), President Pixley ka Isaka Seme (1930-1936), President Albert Xuma (1949-1949), President James Moroka (1949-1952), President Chief Albert Luthuli (1952-1967), President Oliver Tambo (1967-1991), President Nelson Mandela (1991-1997), President Thabo Mbeki (1997-2007) and of course the current sitting President Jacob Zuma (2007-date).

We also recognize other leaders from the jurisdiction of Fetakgomo who also played a notable role in our freedom struggle in the person of Mogaramedi Sekhukhune, Lot Maredi, Lawrence Phokanoka, Peter Nchabeleng, Matsatsi Nchabeleng, Solomon Maditsi, Phooko Ratsoma, Moses Mabotha, Simon Makutu and many more countless leaders produced and mothered by Fetakgomo and as a people.

Above all, we are most particularly encouraged by the fact that we are the descendants of the great warrior King Kgosi-Kgolo Sekhukhune.

Master of ceremonies

It is usually in the occasions such as this, the State of the Municipality Address, that we frankly and transparently take a stock of the performance of the Fetakgomo Local Municipality (FTM) and outline mitigating plans moving forward.

And

By extension, highlight the extent to which we live our vision: “A Viable Municipality in Sustainable Rural Development”. The word “viable” means making the Municipality economically sustainable - lifting its revenue base.

To achieve this means payment of services by the community, services such as refuse removal and so forth. With this, rural development can be expeditiously facilitated and accelerated.

Rural development is about:

- ☐ transforming the rural space economy of the FTM inherited from many decades of the white minority, apartheid rule. It is about integrating multi land-use purposes, thereto realize a coherent and inclusive human settlement as envisioned in the current Draft National Development Plan;
- ☐ facilitating access to basic services as articulately stated in both the 2009 and 2011 Elections Manifesto of the Ruling Party, African National Congress;
- ☐ local economic growth and development;
- ☐ effective governance; and most importantly
- ☐ institutional efficiency and effectiveness. The above cannot be achieved if there is institutional inefficiency and ineffectiveness.

Theory invented by one leadership expert, JC Maxwell, teaches that success is not dependent on the size of the institution rather on the size of its leader.

Despite our youngness or being a relatively small municipality, it has been proven, on preponderance of probabilities, that the FTM is an unassailable success story and model in the performance cycle of national, provincial and local government. This was reiterated by the MEC for Co-operative Governance Human Settlement and Traditional Affairs over the past two weeks or so during the IDP Lekgotla held at Blydepoort.

On Electricity

We have largely achieved the 2012 Millennium Development Goals electricity targets. Today, nearly 100% of the households received grid electrification. For example, villages which reported a grid electrification backlog - Ledingwe/Senthlane/Ramallane, Makgalanoto, Mampa and Shubushubung were electrified in the previous financial year, 2010/11 and are currently switching on. Ditlokwe falls in this category. It was electrified in the current financial year 2011/12 and is already switching on.

The challenge which will always face us is the post-connection electricity backlog due to residential development and population growth which is generally on the upward trend. In the present situation assessment, the backlog is estimated at 3 705. Closely tied to this, is

the fact that the Municipality is currently providing indigent support to about 3 638 households benefiting from the Free Basic Electricity.

In terms of clinics and schools, progress indicates that they have all been electrified.

On Streetlights

The Municipality is busy processing quotations for appointment of another, third contractor to complete the remedial works on the streetlights. This follows a failure on the part of the first and the second contractors to complete the outstanding remedial work(s). It is a grave concern that the project is far beyond the planned completion date.

On High Mast Lights

In addition to the Streetlights, we have installed 15 High Mast Lights in our villages - Pelangwe, Seokodibeng, Mohlaletse Community Halls, Fetakgomo Atok Thusong Service Centre, Ga-Oria/Radimmela T-Junction, Apel/Mapodi, Phashamakgalanoto, Mosotse, Ga-Selepe, Mmakopa, Mphanama, Ga-Matlala (x2), Mohlaletse (x2).

On Health

The Nchabeleng Health Centre is planned for conversion into a hospital by 2014/15. Being upgraded presently is the Nchabeleng Clinic.

This will reduce distance and traveling costs by our people to Lebowakgomo (68 km from Ga-Nchabeleng Health Centre), Mecklenburg (59 km) and Jane Furse (73 km). The latter is said to be populated with people from Fetakgomo. Moreover, health has been identified as a population priority in the aftermath of the 2009 Provincial and National Elections.

On Education

Being one of the priorities identified by the ruling party, education remains a key to success in any society. For this reason, we undertook Mayoral School Visits early this year with a

view to acknowledge the best performing schools and encourage improvement to those which did not perform well during the 2011 academic year with a special focus on Grade 12 results. Among schools visited for best performance during the 2011 academic year were Tlounare and Moloke which recorded a pass rate of 96% and 92% respectively. A worse performing school visited was Telelo with a 34% pass rate.

We want to take this opportunity to thank the parents who offered support towards remarkable results as well as the dedicated educators who guided the learners towards the excellent performance during the 2011 Grade 12 academic year. The schools which did not perform are encouraged to use the 2012 academic year in manner that is prudent to avert the recurrence of under-performance.

On Housing

300 RDP houses were constructed during the 2010/11 f/y. The following villages benefitted – Mashilabele, Phahlamanoge, Manoge, Maebe, Shinyaneng, Mampa, Phashaselatole, Ledingwe, Ga-Nkwana, Maisela-Mahlabaphooko, Marakwaneng. All the 175 RDP houses were completed for 2011/12 f/y. This benefitted the following villages: Strydkraal A, Strydkraal B, Matlala-Legopane, Thobehlale, Thabanaseshu and Ga-Mashabela. Available cumulative data indicates that 3659 RDP houses have been completed and provided for people in Fetakgomo who did not have adequate shelter since 2001.

It is, however, a grave concern that there are still incomplete RDP houses for 2008/09. The affected villages are Mohlaletse, Selepe, Manotoane Molalaneng (Ga-Mpusheng), Mmashikwe, Mahlabeng, Tjibeng and Monametse. The same incomplete RDP houses affected Mphanama village for 2006/07 financial year. A commitment has been shown by COGHSTA to address this matter.

On Roads

The 6.2km Road from Lerajane to Mohlaletse was planned for surfacing by the Sekhukhune District Municipality for the 2010/11 financial year. A review of the progress shows that only 3.2km were surfaced.

The sidewalks to Nchabeleng Health Centre were completed by the Department of Roads and Transport although there were some concerns that the sidewalks are not user-friendly. The construction of the Fetakgomo Drivers' License Testing Station by the same Department, Roads and Transport is nearing completion. The learners drivers' license function has been devolved to the Municipality. After the completion of the Drivers' License Testing Station, the FTM envisions to perform the full traffic function. At the current rate of progress, we are doing utmost best in performing learners drivers' license function. Traveling long distances inquest of learners drivers' license function is now a thing of the past.

Furthermore, we have been informed by the Department of Roads and Transport that we are still to benefit from the electronic system of learner licensing.

On Sports and Recreation

The FTM has completed the construction of the Fetakgomo Sports Complex. The following sports activities can be undertaken in the Sports Complex:

- ☐ Tennis ball;
- ☐ Netball;
- ☐ Basketball;
- ☐ Soccer; and
- ☐ Athletics.

We invite the schools, the Fetakgomo residents in general and youth in particular to make use of this facility. This can result in reduction of undesirable consequences such as crime, teenage pregnancy, alcohol and drug abuse, HIV/AIDS spread, other diseases and so forth. The life expectancy of our residents can also improve.

On Refuse Removal

The FTM upgraded the Refuse Removal service to cover the total of at least 9000 households. The resultant impact was the material reduction of the refuse removal backlog

by 10%. Put another way, about 29% of the households now have access to formal refuse removal in the Fetakgomo municipal jurisdiction. Environmental specialists find that this is a contribution in one sense or the other to our shared commitment to mitigate climate change. For this reason, we encourage everybody to pay service charges for sustenance of this service. The service has been extended to all clinics within the Fetakgomo jurisdiction.

On Upgrading of Cemeteries

During the financial year under review, 2010/11, two cemeteries - Mohlaletse and Radingwana were upgraded. For the current financial year 2011/12, additional two cemeteries – Seokodibeng and Malomanye were fenced. This increased the total number of cemeteries upgraded by 100% i.e from 4 to 8. Previously, the Mphanama, Ga-Selepe, Shubushubung and Mokgotho cemeteries were upgraded.

A Synopsis on Work in Progress (Projects Still Busy With)

In the present situation, we are:

- ☐ upgrading the Nchabeleng cemetery;
- ☐ undertaking the final touches on Extension of Municipal Offices;
- ☐ constructing the Mohlaletse Thusong Service Centre as well as the Strydkraal Community Hall;
- ☐ Installing the additional 50 High Mast Lights within all our 13 wards. This implies that the total number of High Mast Lights installed will be 65 given the 15 already installed; and
- ☐ continuing with the construction of Apel Recreational Park

The benefits from all of these are and will be primarily yours, the citizens.

On Private Public Partnership

We will continue to count on the private sector in partnership for change. We implore and appreciate the investment of the private sector in Fetakgomo.

The expansion / establishment of malls within the Municipality will boost the local economy. We are already witnessing the extent to which the Bopedi Complex is contributing in the theater of local economy.

The Municipality has supported the Mapue Garden Project with the Supply and Installation of Irrigation System. This project is located at Mphanama, Ward 02 – one of the wards identified as hardest hit by poverty. The Mphebatho Farming Cooperative and the Phagamang Women's Club were both assisted with the Drilling and Equipping of Water Boreholes, Supply of Generators and Hose Pipes as part of the municipal Farmers' Support initiatives. The Mphebatho Farming Cooperative is situated at Apel, Ward 07 while the Phagamang Women's Club is situated at Malomanye, Ward 09. These projects are involved in agricultural activities with special focus on vegetable production.

The most recent cumulative statistical analysis indicates that about 307 jobs have been created through LED initiatives in the current, 2011/12 financial year. This is our response to the declaration made by the Premier Mathale in his State of the Province Address in which 2011 was "... declared a year of job creation through meaningful economic transformation and inclusive growth".

Within the Fetakgomo context, the municipal initiatives such as the Food for Waste, Construction of Phase 2 Tourism Centre, Municipal Cleaning Services, Refuse Removal, Construction of Traffic Centre and so forth are highly valued as far as job creation is concerned. The majority of those benefiting are women and youth. This bodes well with the countries priorities in general.

On Good Governance: An Overview

The FTM is celebrated as a success story in the performance cycle of local government in that we:

- Obtained a Clean Audit Opinion for two consecutive years for 2009/10 and 2010/11 financial years;

- Received Awards from the Auditor General, the South African Local Government Association (SALGA), Institute for Municipal Finance Officers (IMFO), Capricorn FM and Tracy Malatjie Award from the Black Management Forum (BMF) for recognition of Clean Audit and good corporate governance; and
- Became the Overall Best Performing Municipality Winner of the Sekhukhune District Executive Mayor Excellence Awards for 2008/09 and 2010/11 financial years. We were particularly credited in the three key performance areas (KPAs): (1) financial viability, (2) municipal transformation and organizational development and (3) local economic development.

The trend analysis of the Audit Opinion for the FTM over the last five years is as follows:

2006/7	2007/8	2008/9	2009/10	2010/11
Qualified	Unqualified with emphasis of matter	Unqualified with emphasis of matter	Clean opinion	Clean opinion

From a strategic point of view, the IDP provides a coherent basis for a Clean Audit. A Trend Analysis of the MEC Opinion on Our IDP/Budget Over The Last Five to Six Years is:

2007/08	2008/09	2009/10	2010/11	2011/12-2015/16
Low	Medium	High	High	High

In the overall scheme of things, you, the residents, the electorate, are at the height of these achievements. It is through your support and solid contributions that we have performed in the manner that we did. So are our traditional leaders and business community. We count on you to give us the same support as we enter the next, new financial year, 2012/13 with effect from the 01st July 2012.

In this regard, the following are specific projects contemplated for implementation in the imminent financial year, 2012/2013:

Spatial Rationale	Municipal Transformation & Orga Dev	Basic Services Delivery	Local Economic Development	Municipal Financial Viability	Good governance & Public participation
LUMS/SDF implementation	IDP/Budget Review	FBE	Farmers' Support	VAT recovery	Ward Committees' Support (stipends)
Township establishment	PMS Framework Review	Paving of Hawkers stalls	Local Tourism	Asset Management	Special Programmes
Tenure upgrading at Strydkraal B	Policy Review and enforcement	Fetakgomo area Highmast light	Local Business Support	Property evaluation	Council Fund - Event Management
Geo-graphical names committee support	Policy Development	Mphanama Community Hall	Strategic Partnership	Billing systems	Publicity
Implementation of Billboards By-law	Devolution of powers and functions -Traffic -Water service -Trade regulation	Mohlaetse Thusong Service Centre	LED Strategy Implementation	SCM implementation	Bursary fund
GIS	Development of Key sector plans -MIIF -Disaster Response Plan	Construction Strydkraal Community Hall	Job Creation	Indigent register	Relief fund
Greening of the Municipality	Development of By-laws	Refuse removal	Youth Business Enterprise support		Coordinate Sports, Art & Culture
	IT support	Grading of Sport field			Outreach services -Public Participation -FATSC
	PMS Implementation (Individual)	Upgrading of cemeteries			Intergovernmental Relations -CDWs -YAC
	HR Development	Drivers Licenses			Internal audit
	Human resource Management	Upgrading of Landfill Site			External Audit
	Legal Services	Recreational Park			Audit Committee
		Municipal			Risk Management

Spatial Rationale	Municipal Transformation & Orga Dev	Basic Services Delivery	Local Economic Development	Municipal Financial Viability	Good governance & Public participation
		Offices Entry posts			
		Internal municipal water supply			Fraud Prevention
		Sports complex			Customer Care
		Capita-special vehicle			Communication (traffic)
		Contribution –vehicles			
		Capital furniture			
		Refuse bins (community)			
R160 6000	R940 000	R27 018 252	R850 000	R1 355 000	R3 320 000

In view of the above, key capital projects to be implemented in the 2012/13 performance year are:

- ☐ Paving of Hawkers Stall;
- ☐ Construction of a Community Hall;
- ☐ Continuation of construction of the Mohlaletse Thusong Service;
- ☐ Strydkraal Community Hall;
- ☐ Phase 2 of the Recreational Park;
- ☐ Upgrading of Cemeteries;
- ☐ Upgrading of Landfill site;
- ☐ Acquisition of Plants and Equipments for Refuse Removal;
- ☐ Acquisition of Refuse Bins; and
- ☐ Acquisition of Traffic Related Equipments.

Included in the operating budget are social contributions such as the Free Basic Electricity, LED Programmes (Farmers Support, Youth Business Enterprise Support etc) and so forth.

The Greening of the Municipality is one such exciting additions (project) we have made in mitigation of climate change.

The specific sector departments, parastatals as well as the private sector undertook to carry out specific development projects within the Fetakgomo municipal area in the imminent fiscal year, 2012/13. Some projects are multi-year in nature and thus projected to be complete in two to three years to come from now.

ESKOM will energize households in the following villages Manotwane, Ga-Selepe, Maebe and Mashilabele. This will be done at the cost of about R2 million.

The following wards will benefit a total of 388 RDP houses, some being for those who were affected by disaster: Ward 02 (184 units), Ward 06 (71 Units), Ward 07 (126 Units). Those for disaster are Ward 04 (2 Units), Ward 13 (2 Units), Ward 12 (1 Unit), Ward 3 (1 Unit) and Ward 01 (1 Unit). The total investment for RDP houses in Fetakgomo by the Department of Cooperative Governance Human Settlement and Traditional Affairs (GOGHSTA) in the next financial year is estimated at approximately R22 million.

The Department of Roads and Transport will continue with the upgrading of road from gravel to tar, the 3 kilometers road from Jane Furse to Mphanama to Apel.

After a long engagement with the mining industry, the Elephants River Granite Mine has set aside R50. 000 for two boreholes at Mokiritlaneng and Difoeng. The same mine also fenced the Madiphodi crèche.

The project by the Bokoni Platinum Mine (Anooraq) to relocate Monametse/Mokgotho households which were hit by severe cracks is nearing completion. This involves 45 households located in the proximity of the mine.

The Department of Agriculture will as part of encouraging local economic development spend over R4 million for various development projects within Fetakgomo including irrigation infrastructure, fencing of arable land, construction of crushpens and soil conservation.

The Department of Sport, Arts and Culture (DSAC) plans to embark on School Sport Mass Participation Programme. This is described as staging of championships cluster festivals

inter-games and conducting recreational activities in schools. Games - competitions for clubs for football, netball, volleyball, cricket and boxing will be conducted. These programmes will cost the Department (DSAC) over R700 000.

The Sekhukhune District Municipality (SDM) will implement sanitation project, VIP toilets at Mohlaletse (Ga-Phasha Mapulaneng) as well as continuation of Olifantspoort South Regional Water Supply Scheme Phase 6. The total investment of the district in this regard for the 2012/13 financial year is about R10 million.

The Fetakgomo Municipality's total budget for 2012/13 is summarized as follows:

Income	2012/2013	Comment
Total Capital Revenue	R17 954 000	None
Total Capital Expenditure	R22 132 741	None
Total Operating Expenditure	R58 273 000	None
Total Operating Revenue	R61 167 322	None
Surplus/deficit	(R912 724)	The deficit will be funded though accumulated funds

Surplus/deficit

(R912 724) The deficit will be funded though accumulated funds

In this context, we are indicating the extent of our commitment to the implementation of the:

- ☐ 2011 Local Government Elections; Manifesto of the ruling party;
- ☐ Elections 2009 Manifesto. In all these Manifesto, there is a strong emphasis on rural development and food security;
- ☐ Plan To make Local Government Work Better For You;
- ☐ Limpopo Employment Growth and Development Plan;
- ☐ Fetakgomo Municipal Turn Around Strategy; and most importantly
- ☐ New Growth Path: Framework which identifies which aims at stimulating economic growth and seeks to address economic challenges and matters relating to jobs. Key to the New Growth Path is that it identifies five job drivers, namely:

- (a) Infrastructure;
- (b) Main economic sectors;
- (c) Seizing the potential of new economies;
- (d) Investing in social capital and public services; and
- (e) Spatial development.

Master of Ceremonies

The New Growth Path, the Elections Manifestos and the municipal vision are the chief guide that continue to guide all of us in the execution of our duties and service to the people.

Together We Can Do More.

It is in this spirit, Master of Ceremonies, I move for the adoption of the IDP/Budget for 2012/13 as well as related policies as in the Council package.

As a trend for good practice, I further move for the Council to be so kind as to take note of the submission of the Process Plan. This Process Plan is intended to guide the 2nd review of our Five Year, 2010/11-2015/16 IDP/Budget.

Thank You!

Cllr R E Sefala
Mayor

1.3 Council Resolutions

On the 31 May 2012 the Council of Fetakgomo Local Municipality met to consider the annual budget of the municipality for the financial year 2012/13. The Council approved and adopted the following resolutions:

1.1. Approved the annual budget of the municipality for the financial year 2012/13 and the multi-year and single-year capital appropriations as set out in the following tables:

1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 11 on page 34;

1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 12 on page 35;

1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 13 on page 36; and

1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 14 on page 38.

1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

1.2.1. Budgeted Financial Position as contained in Table 16 on page 39;

1.2.2. Budgeted Cash Flows as contained in Table 17 on page 41;

1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table 18 on page 42;

1.2.4. Asset management as contained in Table 19 on page 43; and

1.2.5. Basic service delivery measurement as contained in Table 20 on page 44.

2. The Council of Fetakgomo Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2012:

2.1. The tariffs as set out in table 29.

3. To give proper effect to the municipality's annual budget, the Council of Fetakgomo Local Municipality approves:

3.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting.

1.4 EXECUTIVE SUMMARY

Fetakgomo local municipality has in preparation and compilation of this budget compiled with the Municipal Budgeting and Reporting Regulation (MBRR) notice no 31804 of 2009, the provisions of the MFMA, the provisions of the MSA and various budget circulars which guide the process, content and the format of municipal budgets. The budget provides comparative financial over a seven year period horizon commencing in the 2008/2009 budget year to 2014/15 budget year.

The allocated 2012/13 budget is R 80,155 million increasing to R83, 563 and R 92,008 million in 2013/14 and 2014/15 budget years respectively.

It is important to note that the budget was R26,472 million in 2008/09 financial year which means it has increased by 214% by 2012/13 and will increase by a further 15% by 2014/15 budget year. The increases are due to large revenue transfers from National government to local government indicating a strong commitment to service delivery.

1.4.1 Operating budget framework

Fetakgomo local municipality has in preparation and compilation of this budget compiled with the Municipal Budgeting and Reporting Regulation (MBRR) notice no 31804 of 2009, the provisions of the MFMA, the provisions of the MSA and various budget circulars which guide the process, content and the format of municipal budgets. The budget provides comparative financial over a seven year period horizon commencing in the 2008/2009 budget year to 2014/15 budget year.

The following assumptions were used in compiling the budget;

- Ensuring that expenditure is aligned to revenue and that the municipality has sufficient cash to finance the expenditure as in section 18 of MFMA;
- Ensure that the municipality avoids borrowings as the municipality will not be able to service the debt due to the dependence on grant revenue;

- Ensure that the municipality maintains sufficient reserves for rainy days and capital expansion.
- Ensure that the budget respond to priorities enlisted in the IDP.
- Review of all programmes and cost centres to minimise wastage, maximise efficient and accelerate service delivery;
- Reprioritisation of expenditure programmes to curb the growing personnel expenditure.
- Ensure that services are cost reflective, affordable and sustainable.
- Ensure that realistic revenue targets are set based on trends to ensure that the funded is funded.
- Follow the national guide on salary and CPI projections.

Table 1: Consolidated Overview of the 2012/13 MTREF

	Adjusted Budget 2011/12 Budget year	Proposed Budget 2012/13 Budget	Estimate 2013/14	Estimate 2014/15
Revenue	53 883	61 167	64 368	69 791
Expenditure	52 551	58 273	62 481	67 644
Surplus/ (Deficit) excluding capital contributions	1 332	2,894	1,887	2,147
Capital grants & transfers	14 687	17 954	18 914	19 990
Capital budget	17 231	22 132	21 346	24 646
Accumulated funds	1,212	1,284	545	2,509

The allocated 2012/13 budget is R 80,155 million increasing to R83, 563 and R 92,008 million in 2013/14 and 2014/15 budget years respectively.

It is important to note that the budget was R26,472 million in 2008/09 financial year which means it has increased by 214% by 2012/13 and will increase by a further 15% by 2014/15 budget year. The increases are due to rapidly growing revenue transfers from National government to local government indicating a strong commitment to service delivery.

During the MTREF the municipality will still be heavily reliant on grant revenue which will be 83 per cent, 84.8 per cent and 80.8 per cent respectively.

Grant revenue was 93.5%, 97.8% and 88% in 2008/09, 2009/10 and 2010/11 budget years. This shows a steady but slow decline in grand dependency over the seven year period.

The proposed operating revenue amounts R 61, 167, R64,368 and R69, 791 in 2012/13, 2013/14 and 2014/15 budget years respectively excluding capital transfers while operating expenditure amounts to R 58 273, R62 481 and R67 644 million over the same MTREF. This creates an operating surplus of R 2,894, R1,887 and R2,147 million over the MTREF to fund capital expenditure. The total capital budget amounts R 22 132, R21 346 and R 24 646 over the medium term funded by capital grant revenue of R 18 690, R 19,716 and R 20,856 over the MTREF of which 5 per cent has been added to the operating revenue as Municipal Infrastructure Grant (MIG) operating grant. This leads to a deficit of R 1,327, R545 and

R2,510 million over the MTREF which will be funded by accumulated funds not committed for any other purpose.

Council has always adopted a balance budget in the letter and spirit of the Act wherein reserves have been built over the years to finance future capital expansion and to renew existing assets.

Operating revenue grows by 7.2 per cent while operating expenditure grows by 10.2 per cent for 2012/13. Over the medium term, revenue increases by 17.6% while expenditure increases by 15.7%. This negative correlation is influenced by growing staff turnover against slow revenue growth. The net effect over a long term will result in an unfunded budget plunging the institution into financial chaos. To curb this dangerous route, council will a strength revenue management system to ensure that all billed revenue is collected.

A budget provision for doubtful debts has been set at 95% for refuse removal and property rates. This is based on the current year trends where less than 1% of the budgeted revenue has been received.

Table 2: Percentage revenue growth over the MTREF

Description R thousand	Ref	Current year		2012/13 Medium Term Revenue & Expenditure					
		Original Budget	Adjusted Budget	% Change	Budget Year 2012/13	% Change	Budget Year +1 2013/14	% Change	Budget Year +2 2014/15
Revenue By Source									
Property rates	2	900	900	0%	900	6%	954	6%	1,012
Property rates - penalties & collection charges		20	20	0%	20	5%	21	5%	22
Service charges - refuse revenue	2	1,800	1,800	28%	2,304	6%	2,442	6%	2,589
Service charges - other		164	140	44%	202	-43%	115	4%	120
Rental of facilities and equipment		300	271	-15%	203	29%	262	6%	277
Interest earned - external investments		800	1,100	-18%	900	6%	954	6%	1,011
Interest earned - outstanding debtors		60	60	10%	66	6%	70	6%	74
Fines		100	200	0%	200	6%	212	6%	225
Licenses and permits		1,200	1,400	78%	2,500	-28%	1,800	16%	2,100
Agency services		600	600	25%	750	6%	795	6%	843
Transfers recognized - operational		43,672	44,182	14%	50,322	7%	53,842	8%	58,018
Other revenue	2	320	3,210	-13%	2,800	4%	2,900	21%	3,500
Total Revenue (excluding capital transfers and contributions)		49,935	53,883	14%	61,167	5%	64,368	8%	69,791

Revenue is projected to grow by 14 per cent in 2013, slowing down to 5 per cent in 2013/14 and increases to 8 per cent in 2014/15. Major contribution for the increase in 2012/13 is licenses and permits which increase by 78 per cent due to the driver testing station which will come into operation during the financial year. Service charges other increases by 44 per cent due to implementation of the billboards, rental of hawkers stalls, charges for tender documents, rental of the grader and other services which will come into operation. An increase of the projected revenue for refuse removal is based on the signed agreement with the mine which disposes huge waste at the land fill site on an agreed rate which brings in additional revenues.

1.4.2. Operating Revenue Framework

For Fetakgomo municipality to improve the quality of services provided to its citizens it needs to generate the required income. In these tough economic times strong revenue management is fundamental to the financial stability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence the difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues. The receivers of our services have an obligation to pay for the services they receive so that the municipality continues to offer such services.

The municipality's revenue strategy is built around the following key components;

- National treasury's key guidelines and macroeconomic policy;
- Growth in the municipality's continued economic development
- Efficient revenue management, which aims to ensure that billed revenue is collected
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by calculating the revenue requirement of each service;
- The municipality's property rates policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004)(MPRA)
- The municipality's indigent policy and rendering of free basic services; and

- Tariff policies of the municipality

Table 3: Consolidated Revenue Overview

LIM474 Fetakgomo - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1										
Revenue By Source											
Property rates	2	-	-	-	900	900	900	900	900	954	1,012
Property rates - penalties & collection charges		-	-	-	20	20	20	20	20	21	22
Service charges - refuse revenue	2	-	-	-	1,800	1,800	1,800	1,800	2,304	2,442	2,589
Service charges - other		97	264	195	164	140	140	140	202	115	120
Rental of facilities and equipment		208	143	145	300	271	271	271	203	262	277
Interest earned - external investments		1,317	718	724	800	1,100	1,100	1,100	900	954	1,011
Interest earned - outstanding debtors		-	-	-	60	60	60	60	66	70	74
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		-	-	-	100	200	200	200	200	212	225
Licenses and permits		85	141	264	1,200	1,400	1,400	1,400	2,500	1,800	2,100
Agency services		-		371	600	600	600	600	750	795	843
Transfers recognized - operational		22,445	29,408	36,760	43,672	44,182	44,182	44,182	50,322	53,842	58,018
Other revenue	2	1	236	2,114	320	3,210	3,210	3,210	2,800	2,900	3,500
Total Revenue (excluding capital transfers and contributions)		24,153	30,911	40,572	49,935	53,883	53,883	53,883	61,167	64,368	69,791

Property rates

Municipal Property Rates Act will be in the second year of implementation in 2012/13. In terms of the Act, 50% per cent of the whole rate will be levied as the implementation moves to the second phase. The process has started markedly slow due to weak revenue management measures. New measures and capacity will be added to ensure that billed revenue is collected. This budget has however taken a pessimistic view wherein only 5% of the billed revenue is expected to be collected based on the current year trends.

Revenues from property rates and refuse have been realized at just 1% of the budget in the current financial year. The projected income of 5% which are based billing less forgone income is expected to be realized in the budget year. Management is developing a strategy with regarding to the two revenue sources as well as to improve the policies.

Property rates income is based on four year valuation roll which was compiled in 2009/10 financial year. The categories covered in the valuation roll are; government, business, non-governmental organisations, public service infrastructure, agriculture and mining. This has exempted residential properties in which cases have no title deeds and the responsible party is government Department of Rural Development. There have been continuous talks with government on how these debts relating to their properties will be settled. As this is a national problem, the department of Cooperative Governance, Human Settlement and Traditional Affairs (CoGHSTA) is leading a provincial debt forum in which platform continuous discussions are being held on how to release funds to settle these debts. The process is encouraging which may unlock the much needed revenue.

Furthermore, we have been perusing the mines to settle their property rates taxes and the discussions are at the head office level and promising. With regard to other businesses, the municipality is considering policy alternatives to deal with businesses which have closed shop as they are not earning any income. Non-governmental organisations which mostly a crèches belonging to the department of social development to be exempted through a provision in the property rates Act which requires such institutions to provide tax certificates and other documents indicating that they provide public benefit goods or services.

A provision of 95% is made for doubtful debts regarding property rates taxes and refuse removal based on the current trends though bearing the attempts as indicated above.

The following stipulations in the Property Rates Policy are highlighted;

- The first R15 000 of the market value of property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R100 000 reduction on the market value of property will be granted in terms of the municipality's own Property Rates Policy;
- 100 per cent rebate will be granted to registered indigents in terms of indigent policy;
- 30 per cent rebate will be granted on all public service infrastructure
- The municipality may award a 100 per cent grant in aid on the assessment rates of rateable properties of certain classes such as registered welfare organisations,

institutions or organisations performing charitable work, sports grounds used for purposes of amateur sport. The owner of such a property must apply to the Chief Financial Officer in the prescribed format for such a grant.

- The property rates will be in the second phase of implementation which means 50% of the entire rate will be levied for 2012/13 budget year.

Other income amounting to R 2.8 million is based on projected VAT inputs from grants receipts.

Refuse removal and impact of tariff increases

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long term. The main contributors to this deficit are very little revenue collection while the cost of providing the service runs into millions posing a long term risk.

Refuse removal performance has been dismal like property rates taxes wherein only less than 5% of the billed revenue has been collected. There where challenges such as; poor community consultations, poor household data, poor refuse collection and so forth. These challenges are being attended to and we expect an improvement and positive response in the coming year. There will a debit a dedicated revenue management team which will follow up on outstanding debts and an appointment of a professional company dealing with debtors collection of all debts owing more than 120 days.

The municipality will be adding a compactor truck, skip bins and other equipment's relevant to strengthen the function. Collection will continue once per week for households with dedicated service bulk users such as the mine and business complex.

Traffic function

Traffic function which has been fully devolved to the municipality is the second most collectible revenue source following grants. The charges for traffic include renewal of motor vehicle licenses and learner driver licenses while a drivers testing station are expected to be completed in during 2012/13.

Revenues from the government grants; equitable share, Municipal Finance Management Grant (FMG), Municipal Systems Improvement Grant (MSIG) and EPWP incentive Grant are reliable and constitute more than 83 per cent of the budgeted revenue. This means less than 17 per cent of the revenue may fluctuate giving the municipality certainty on its expenditures and better planning.

A combined budgeted revenue from traffic function amounts to R 2 950 000 which will be received from agency fees, traffic fines and permits.

Other Revenue

Other revenue relates to VAT receivable which in terms of National Treasury guide VAT resulting from grant allocations will be treated as own revenue. This is a substantial about grant revenue for capital transfers R18 914 million of which 14 per cent will be VAT receivable.

Table 4 MBRR Table SA18-Transfers and Grant Receipts

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		21,672	31,743	35,052	42,952	43,462	40,562	50,322	53,306	57,482
Local Government Equitable Share		20,291	29,912	33,103	40,562	40,562	40,562	46,115	50,004	54,116
Finance Management		480	1,020	1,250	1,500	1,500	-	1,500	1,500	1,500
Municipal Systems Improvement		848	715	669	790	790	-	800	900	900
Other transfers/grants [LGSETA]		53	95	30	100	100	-	115	100	100
EPWP Incentive		-	-	-	-	510	-	1,012	-	-
MIG operating grant		-	-	-	-	-	-	780	802	866
Provincial Government:		491	-	300	-	-	-	-	-	-
COGHSTA		491	-	300	-	-	-	-	-	-
District Municipality:		282	424	1,107	-	-	-	-	-	-
Ward Committee		282	424	1,107	-	-	-	-	-	-
Total Operating Transfers and Grants	5	22,445	32,167	36,459	42,952	43,462	40,562	50,322	53,306	57,482
<u>Capital Transfers and Grants</u>										
National Government:		2,321	11,790	-	14,562	14,562	14,562	17,910	18,914	19,990
Municipal Infrastructure Grant (MIG)		2,321	11,790	-	14,562	14,562	14,562	17,910	18,914	19,990
Total Capital Transfers and Grants	5	2,321	11,790	-	14,562	14,562	14,562	17,910	18,914	19,990
TOTAL RECEIPTS OF TRANSFERS & GRANTS		24,766	43,957	36,459	57,514	58,024	55,124	68,232	72,220	77,472

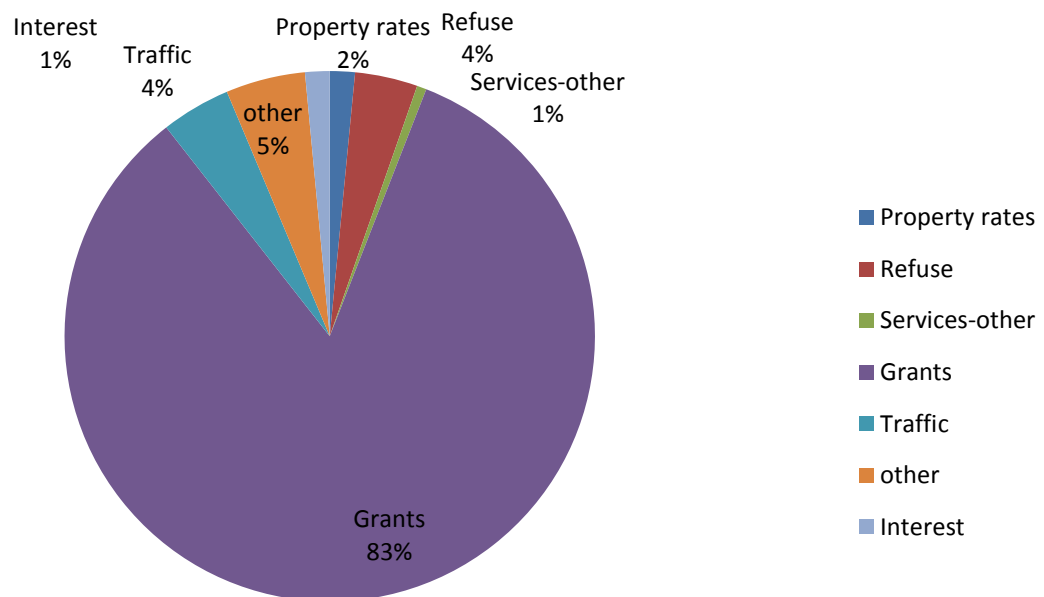
The budget figures shows that grants allocation from the National government of will be R 68,323, R 72,220 and R 77,472 million in 2012/13, 2013/14 and 2014/15 respectively. The grant revenue represents 83%, 84.8 and 80.9% in 2012/13, 2013.14 and 2014/15 respectively of the total budget.

Tariff setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic development conditions, input and costs affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible.

Capital transfers from National government have been adjusted downward by 5 per cent which is for operational costs related to the implementation of MIG projects. This operational cost has been included in the operating revenue budget as operating grant.

Chart 1: Revenue per source chart



As indicated in the graph above, revenue composition is made up as follows;

Grants	83%
VAT (inputs)	5%
Refuse	4%
Traffic	4%
Property rates	2%
Interests	1%
Other services	1%

The graph indicates an over reliance on grant revenue at 83 per cent effectively meaning only 17 per cent is regarded as own revenue.

1.4.3. Operating Expenditure Framework

The municipality's expenditure framework for 2012/13 budget and MTREF is informed by the following;

- Review and prioritisation of expenditure programmes based on impact assessment
- Funding of the budget over the medium term as informed by section 18 and 19 of the MFMA;
- Additional human resources will only be considered as a last resort;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services;
- Circular 58 of the National Treasury advice municipalities to make provision for cost of living allowance of 5% above the CPI of 5.4% projected for 2012/13. This effectively takes salary increases to about 10.4% in 2012/13. This budget has however allocated 7.5% salary increase based on the salary trends over the last five years. Accumulated funds will be utilized if salary negotiations end on higher salary agreement above 7.5%
- Provision for doubtful debts is increased to 70% based on collection levels of the current year. This provision should not suggest that council is giving up on efforts to collect revenue from property rates or refuse removal.
- The indigent register has been reviewed, an exercise that resulted in half of the beneficiaries dropping from the list as their conditions of living had improved. It is based on these understanding that the budget is left unchanged at 2011 budget figures although electricity costs have gone up.
- While the operating expenses are rising annually, the budget is considering various ways of reducing recurring expenditure by promoting the green economy, monitoring travelling expensive and removing the nice to have altogether.
- Service delivery programmes have being evaluated and additional funds provided where necessary.
- All revenue projections are based on trends except where the revenue from national or provincial government in which case has been gazetted.
- Funding for capital expenditure takes into account the availability of funding. The capital budget is mainly funded by grant revenue 77% and accumulated funds 23%.

Projects funded through accumulated funds are once off and does not require substantial maintenance costs.

The following table is a high level summary of the 2012/13 budget and MTREF (classified per main type of operating expenditure)

Table 5: Summary of operating expenditure by standard classification item

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Expenditure By Type	-										
Employee related costs	2	10,850	14,896	18,772	24,792	23,750	23,750	23,750	26,658	28,434	30,466
Remuneration of councilors		5,121	5,626	5,737	6,962	6,962	6,962	6,962	7,006	7,427	7,947
Debt impairment	3			44	1,267	2,038	2,038	2,038	2,358	1,947	1,200
Depreciation & asset impairment	2	1,636	1,673	2,018	1,661	1,761	1,761	1,761	1,824	2,810	2,950
Finance charges		74	66	193	80	105	105	105	85	91	98
Bulk purchases	2	563	836	1,038	1,430	1,030	1,030	1,030	1,300	1,600	2,000
Other materials	8										
Contracted services		736	910	873	1,000	1,840	1,840	1,840	1,914	2,028	2,200
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	27,355	9,498	12,324	14,036	15,065	15,065	15,065	16,713	18,128	20,766
Loss on disposal of PPE											
Total Expenditure		46,335	33,506	40,998	51,228	52,551	52,551	52,551	57,273	62,465	67,628

The Municipality employee cost component has grown considerably over the review period 2009-2015 from R10 850 million to R 30 466 million respectively in relation to an increasing staff compliment from 41, 56, 61 and 70 employees 2009/10, 2010/11, 2011/12 and 2012/13 budget years respectively. The employee cost makes 46%, 45.7% and 44.7% of the operating expenditure over the medium term.

Council has a compliment of 25 Councillors and five Traditional leaders who receive a sitting allowance. The Mayor, the speaker and the chief whip are all fulltime office bearers compensated in line with the upper limits as determined by the Minister of Cooperative Governance and Traditional Affairs from time to time.

A comprehensive review of operating expenses was conducted in order to identify wastage to ensure maximum use of available resources. This exercise led to an overall increase in

operating expenditure but mainly towards funding non-recurring expenditure which does not pose a threat to financial sustainability.

An indigent register was reviewed in the current year which led to fewer indigents being registered as most fell off. This was the case even though the threshold for an indigent household was increased from R1 100.00 to R 1 650 combined household income. The review process will be continuous while beneficiaries will update their details at least once a year. Furthermore, the municipality is engaging Eskom to find better ways to distribute free basic electricity to deserving beneficiaries. The cost of free basic services is budgeted at R1 300 million up from R1 030 in the adjustment budget. The cost will increase to R 2 000 in 2014/15 represent a total growth of 94 per cent from 2011/12 to 2014/15 budget year.

There is a substantial increase in the provision for doubtful debts set at 70% of billed revenue. Furthermore, Council continue to provide for wear and tear adequately in line with the accounting policy as approved by council. These provisions provide council with funds for future renewal of assets, for further capital expansion as well as to ensure that the budget is indeed funded. We will introduce a reserve fund provision in 2013/14 budget year in order to encourage forward planning by putting funds aside for future development.

Other expenditure constitutes 26 per cent of total operating expenditure and therefore a significant portion that warrant explanation. Included in the other are spending programmes such as Local Economic Development (LED) initiatives budgeted at R 850 000, IDP reviews ,spatial development framework review and town planning processes budgeted at R231 000, payment of ward committee stipends budgeted at R 1 560 000, payment for Expanded Public Work Programme (EPWP) workers budgeted at R 1 950 000, improvement of the valuation roll, asset register and the billing system budgeted at R 1 705 000, audit committee member remuneration and training, performance of IT audit and risk and fraud management budgeted at R450 000, mayors' programme and bursary fund at R 300 000, IT maintenance budgeted at R 1 000 000 disaster management budgeted at R 150 000.

Table 6 MBRR - Supporting Table SA34d Depreciation by asset class

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Depreciation by Asset Class/Sub-class</u>										
<u>Infrastructure</u>		1,461	1,673	1,997	715	715	715	1,387	1,665	1,726
Infrastructure - Other		1,461	1,673	1,997	715	715	715	1,387	1,665	1,726
Waste Management					220	220	220	242	266	285
Other	3	1,461	1,673	1,997	495	495	495	1,145	1,399	1,441
<u>Other assets</u>		-	-	-	1,046	1,046	1,046	1,041	1,145	1,225
General vehicles					287	287	287	206	226	242
Computers - hardware/equipment					88	88	88	97	106	114
Furniture and other office equipment					88	88	88	97	106	114
Civic Land and Buildings					583	583	583	641	705	755
Total Depreciation	1	1,461	1,673	1,997	1,761	1,761	1,761	2,427	2,810	2,950

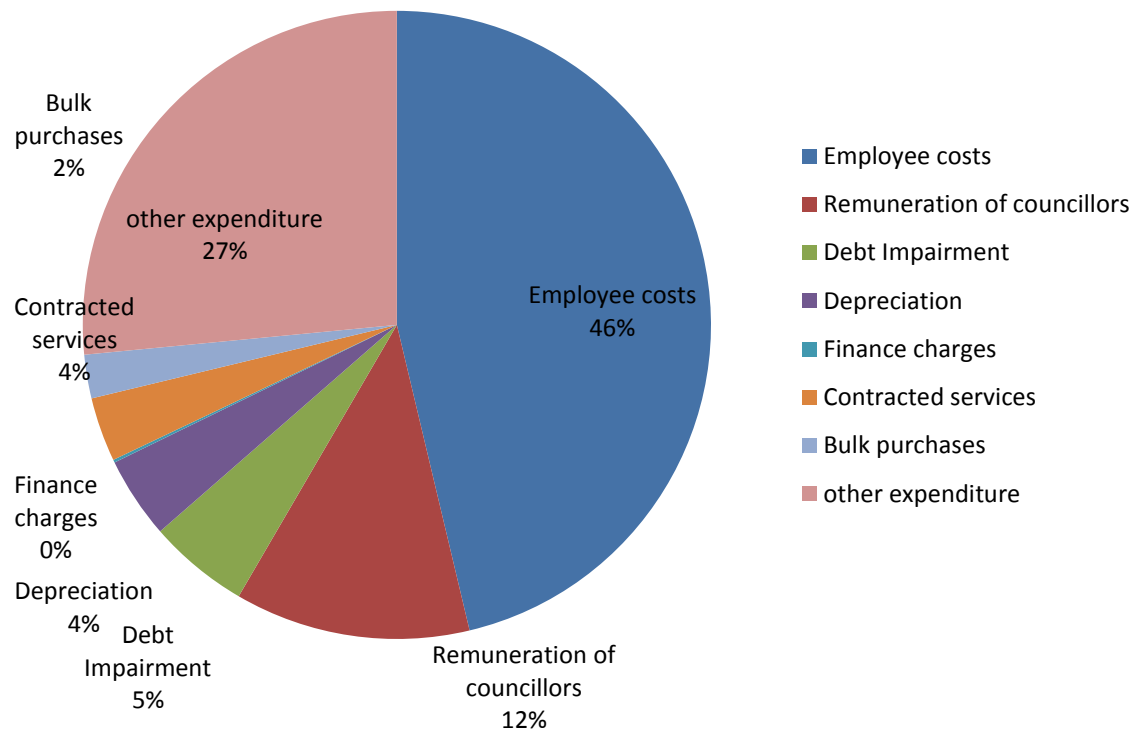
Chart 2: Expenditure per type chart

Table 7: MBRR Table SA34C Repairs and maintenance per asset class

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Repairs and maintenance expenditure by Asset Class/Sub-class										
– Infrastructure		–	–	6	350	257	257	90	96	446
Roads, Pavements & Bridges				–	90	87	87	20	21	23
Street Lighting					60	60	60	20	21	23
Waste Management				6	200	109	109	50	53	400
Community		36	8	–	–	–	–	–	–	–
Parks & gardens										
Sportsfields & stadia		36	8	–	–	–	–	–	–	–
Other assets		289	260	463	444	314	314	499	1,081	1,309
General vehicles		85	46	93	80	80	80	70	85	240
Specialised vehicles		–	–	–	–	–	–	150	600	642
Furniture and other office equipment		70	20	40	150	20	20	50	53	57
Civic Land and Buildings		134	193	331	214	214	214	229	243	350
Total Repairs and Maintenance Expenditure	1	325	268	469	794	571	571	589	1,176	1,755

While the municipality understanding the perspective of the National Treasury regarding appropriation of at least 10 per cent for repairs and maintenance of existing assets, the municipality does not own the kind the of infrastructure that warrant massive repairs and maintenance at this stage, appropriation for repairs amount to 1 per cent of the operating expenditure and most the completed infrastructure are still under defects liability period.

1.5 Capital Expenditure

The following table provides a breakdown of budgeted capital expenditure by vote

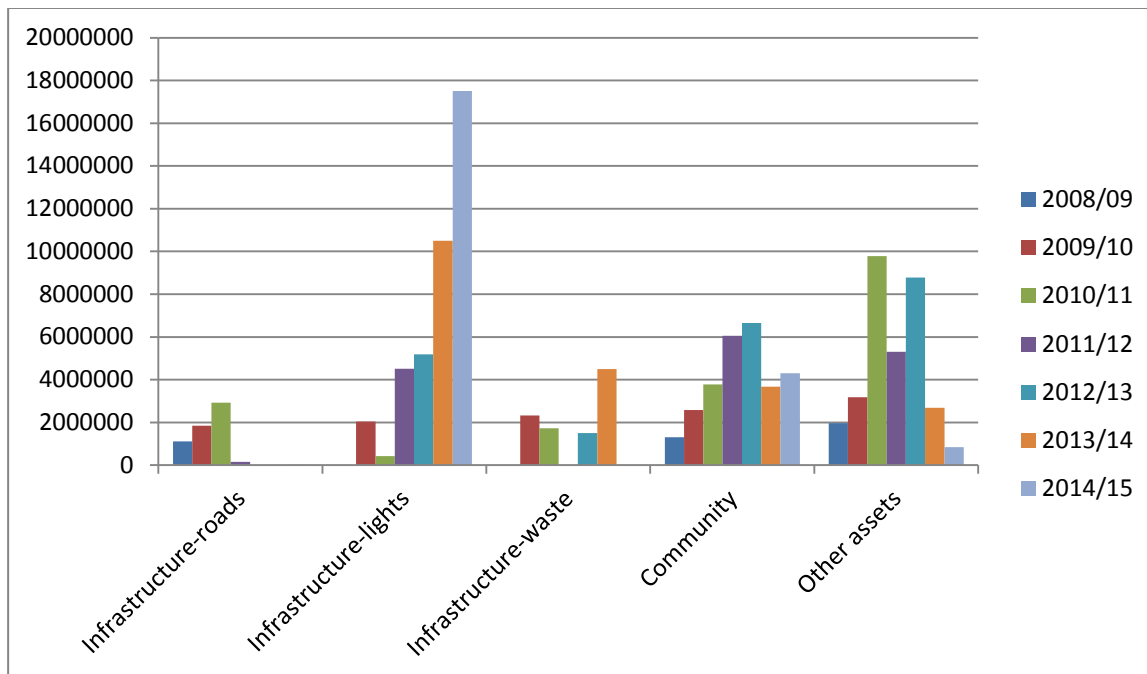
Table 8: Consolidated Overview of Capital Expenditure Funding

Description	Adjusted Budget 2011/12 Budget year R 000	Proposed Budget 2012/13 Budget R 000	Estimate 2013/14 R 000	Estimate 2014/15 R 000
Grants and Subsidies	14 687	17 910	18 914	19 990
Operating surplus	1 332	2,894	1,887	2,147
Accumulated funds	1,212	2,328	545	2,510
Total	17 231	23,132	21,346	24,646

A total capital budget appropriated is R 23,132, R21, 346 and R24, 646 for 2012/13, 2013/14 and 2014/15 budget years respectively. It will be funded through an operating surplus of R1, 332, R 2,894 and R2,147 in over the MTREF and accumulated funds not committed for any other purpose of R 1,212, R2,328 and R2,510 over the MTREF. Detailed capital budget indicated under main budget tables marked MBBR table A5.

Table 9 MBRR - Supporting Table SA34a Capital expenditure on new assets by asset class

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		1,111	6,207	5,065	710	4,662	4,662	6,691	15,000	19,500
Infrastructure - Road transport		1,111	1,849	2,927	150	150	150	–	–	2,000
Roads, Pavements & Bridges		1,111	1,849	2,927	150	150	150	–	–	2,000
Infrastructure - Electricity		–	2,034	416	505	4,512	4,512	5,191	10,500	17,500
Street Lighting			2,034	416	505	4,512	4,512	5,191	10,500	17,500
Infrastructure - Water		–	–	–	–	–	–	–	–	–
Infrastructure - Other		–	2,324	1,722	55	–	–	1,500	4,500	–
Waste Management			2,295	1,722	–	–	–	1,500	4,500	
Other			30		55			–	–	–
Community		1,307	2,574	3,776	6,145	6,056	6,056	6,657	3,670	4,300
Parks & gardens								850		
Sports fields & stadia					1,496	1,986	1,986	350		1,500
Swimming pools										
Community halls		1,283	2,008	546	3,949	2,903	2,903	4,197	470	
Libraries								–	2,200	2,800
Recreational facilities			539	3,230	500	800	800	–	–	–
Fire, safety & emergency		24	27		–	–	–	–	–	–
Cemeteries		–	–	–	200	300	300	400	–	–
Social rental housing								–	–	–
Other				–		68	68	860	1,000	–
Other assets		1,967	3,173	9,774	10,345	5,306	5,306	8,785	2,677	847
General vehicles			801	2,413	500			450		
Specialized vehicles		–	–	–	–	–	–	1,250	2,100	600
Plant & equipment		916	260	141	403	–	–			
Computers - hardware/equipment					700			200	–	–
Furniture and other office equipment		511	182	115	260			418	127	247
Civic Land and Buildings		130	1,814	6,839	8,362	5,016	5,016	5,716	450	
Other Buildings		–	–		–	–	–	450	–	–
Other Land			116		–	–	–	–	–	–
Other		411		266	120	290	290	300	–	–
Total Capital Expenditure on new assets	1	4,385	11,954	18,616	17,200	16,024	16,024	22,133	21,347	24,647

Chart 3: Capital Expenditure chart per category

The graph as depicted above shows that the highest expenditure will be for other assets making a total cost of more than R8 million, followed by community expenditure costs and infrastructure costs.

Description of main expenditure costs under the categories of assets indicated will be as follows; other assets include the construction of Mohlaletse Thusong Service Center-MPCC which is regarded as municipal building a classified under other assets. Community assets includes the construction of recreational park, community halls, cemeteries and the sports complex while infrastructure assets lights include the construction of high mast lights for different villages within Fetakgomo municipality.

Performance indicators for capital budget

- Number of high mast lights erected and number of villages provided with lights
- Percentage of communities with access to community halls
- Percentage of communities with access to sports facilities
- Cemeteries upgraded with fencing and ablution facilities in the allocated timeframe.

- Percentage completion of the paving of the hawkers stalls in the allocated time frame.
- Additional library constructed and the number of households accessing the libraries.
- Percentage completion of the refuse removal in the allocated timeframe.
- community hall in Mphanama in the allocated timeframe
- Percentage completion of the new community hall in strydkraal within the allocated timeframe
- new Mohlaletse thusong service center within the allocated timeframe;
- Percentage completion of the bulk water connected to the municipal offices within the allocated time frame;
- Percentage completion of the municipal recreation park within the allocated timeframe.
- Specialized vehicles for traffic control and refuse removal within the allocated timeframe.
- Acquisition of new furniture to the new building and the testing station.
- Acquisition of the dustbins for the community within the allocated timeframe.

The municipality will spend the entire capital budget constructing new capital assets than renewing existing assets. This is mainly due to the fact that the municipality does not own old or historic infrastructure which is dilapidated.

1.6. Annual Budget Tables-Parent Municipality

The following pages presents the main budget tables as required in terms of section 8 of the municipal budget and reporting regulations. These tables set out the municipality's 2012/13 budget and MTREF as approved by Council. Each table is accompanied by explanatory note on the next page.

Table 10 MBRR Table A1 Budget Summary

Description R thousands	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Financial Performance</u>										
Property rates	–	–	–	920	920	920	920	920	976	1,034
Service charges	97	264	195	1,964	1,940	1,940	1,940	2,506	2,558	2,709
Investment revenue	1,317	718	724	800	1,100	1,100	1,100	900	954	1,011
Transfers recognised - operational	22,445	29,408	36,760	43,672	44,182	44,182	44,182	50,322	53,842	58,018
Other own revenue	294	521	2,894	2,580	5,741	5,741	5,741	6,519	6,039	7,019
Total Revenue (excluding capital transfers and contributions)	24,153	30,911	40,572	49,935	53,883	53,883	53,883	61,167	64,368	69,791
Employee costs	10,850	14,896	18,772	24,792	23,750	23,750	23,750	26,658	28,434	30,466
Remuneration of councilors	5,121	5,626	5,737	6,962	6,962	6,962	6,962	7,006	7,427	7,947
Depreciation & asset impairment	1,636	1,673	2,018	1,661	1,761	1,761	1,761	1,824	2,810	2,950
Finance charges	74	66	193	80	105	105	105	85	91	98
Materials and bulk purchases	563	836	1,038	1,430	1,030	1,030	1,030	1,300	1,600	2,000
Other expenditure	28,090	10,408	13,242	16,303	18,943	18,943	18,943	21,400	22,120	24,183
Total Expenditure	46,335	33,506	40,998	51,228	52,551	52,551	52,551	58,273	62,481	67,645
Surplus/(Deficit)	(22,182)	(2,596)	(426)	(1,292)	1,332	1,332	1,332	2,895	1,887	2,147
Transfers recognised - capital	2,321	11,230	15,967	14,687	14,687	14,687	14,687	17,910	18,914	19,990
Surplus/(Deficit) after capital transfers & contributions	(19,862)	8,634	15,541	13,395	16,019	16,019	16,019	20,805	20,801	22,136
Surplus/(Deficit) for the year	(19,862)	8,634	15,541	13,395	16,019	16,019	16,019	20,805	20,801	22,136
<u>Capital expenditure & funds sources</u>										
Capital expenditure	4,218	12,230	18,616	17,200	17,231	17,231	17,231	22,133	21,347	24,647
Transfers recognised - capital	2,386	11,270	16,935	14,562	14,562	14,562	14,562	17,910	18,914	19,990
Internally generated funds	1,832	960	1,681	2,638	2,669	2,669	2,669	4,222	2,433	4,657
Total sources of capital funds	4,218	12,230	18,616	17,200	17,231	17,231	17,231	22,133	21,347	24,647
<u>Financial position</u>										
Total current assets	6,239	14,457	11,671	7,367	13,427	13,427	9,815	12,739	14,365	17,547
Total non current assets	31,161	41,688	58,132	62,150	63,112	63,112	63,112	80,062	96,429	117,336
Total current liabilities	11,668	19,634	7,872	2,420	7,460	7,460	4,807	4,748	7,166	3,514
Total non current liabilities	128	55	129	–	–	–	–	568	430	256
Community wealth/Equity	25,604	36,455	61,802	67,097	69,079	69,079	–	87,485	103,198	131,113
<u>Cash flows</u>										
Net cash from (used) operating	4,802	12,538	16,091	16,443	16,799	16,799	16,799	21,069	21,142	25,903
Net cash from (used) investing	(5,989)	(12,006)	(18,528)	(16,024)	(16,024)	(16,024)	(18,305)	(17,706)	(19,212)	(23,415)
Net cash from (used) financing	(82)	(96)	141	(86)	(86)	(86)	(168)	(141)	(112)	(189)
Cash/cash equivalents at the year end	9,958	10,394	8,098	8,895	9,252	9,404	6,889	10,112	11,930	14,229
<u>Cash backing/surplus reconciliation</u>										
Cash and investments available	5,273	11,112	9,605	6,248	9,815	9,815	9,815	8,577	8,971	12,547
Application of cash and investments	9,445	17,549	8,097	4,296	8,974	8,974	8,606	5,837	6,957	5,645
Balance - surplus (shortfall)	(4,172)	(6,438)	1,509	1,952	841	841	1,209	2,740	2,014	6,902
<u>Asset management</u>										

Depreciation & asset impairment	1,636	1,673	2,018	1,661	1,761	1,761	1,824	1,824	2,810	2,950
Renewal of Existing Assets	4,385	11,954	18,616	17,200	16,024	16,024	16,024	22,133	21,347	24,647
Repairs and Maintenance	325	268	469	794	571	571	589	589	1,176	1,755
Free services										
Revenue cost of free services provided	-	-	-	13,590	13,590	13,590	18,543	18,543	22,992	23,526
Households below minimum service level										
Refuse:	-	-	-	9	9	9	28	28	29	29

Explanatory notes to MBRR table A1-Budget Summary

- Table A1 is a budget summary and provides a concise overview of the budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessments of the financial performance, financial position and cash flow budgets, along with the capital budget. The budget summary provides the key information in this regard;
 - The operating surplus/deficit (after total expenditure) is positive over the MTREF
 - Capital expenditure is balanced by capital by capital funding sources, of which
 - Transfers recognised is reflected on the financial performance budget
 - Borrowing is incorporated in the net cash from financing on the cash flow budget
 - Internally generated funds are financed from a combination of the current operating surplus and accumulated cash backed surplus from previous years. The amount is incorporated in the net cash from investing on the cash flow budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital budget.
- Municipality continue to cater for free basic services to the indigent residents. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2030 the will have nearly being eliminated.

Table 11 MBRR Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard										
Governance and administration		26,069	41,628	30,012	37,016	37,292	37,292	40,446	43,475	46,557
Executive and council		–	–	1,730	2,028	2,028	2,028	2,693	2,920	3,160
Budget and treasury office		1,381	1,155	9,254	11,884	12,180	12,180	10,072	10,538	10,926
Corporate services		24,688	40,472	19,028	23,105	23,085	23,085	27,681	30,017	32,471
Community and public safety		404	512	3,537	6,273	7,064	7,064	14,036	13,688	14,814
Community and social services		404	512	3,537	6,273	7,064	7,064	14,036	13,688	14,814
Sport and recreation		–	–	–	–	–	–	–	–	–
Economic and environmental services		–	–	22,990	24,213	24,213	24,213	24,596	26,120	27,786
Planning and development		–	–	22,990	24,213	24,213	24,213	24,596	26,120	27,786
Total Revenue - Standard	2	26,472	42,140	56,539	67,502	68,570	68,570	79,078	83,282	89,157
Expenditure - Standard	-									
Governance and administration		23,060	28,098	30,295	33,771	35,024	35,024	38,611	41,343	45,089
Executive and council		2,204	2,238	1,829	2,902	2,862	2,862	2,982	2,955	3,167
Budget and treasury office		4,328	5,563	8,516	8,585	8,620	8,620	9,893	9,694	10,144
Corporate services		16,528	20,297	19,950	22,283	23,542	23,542	25,736	28,694	31,779
Community and public safety		–	–	4,016	7,824	8,946	8,946	10,462	11,360	11,728
Community and social services		–	–	4,016	7,824	8,946	8,946	10,462	11,360	11,728
Sport and recreation		–	–	–	–	–	–	–	–	–
Economic and environmental services		4,294	5,408	6,687	9,633	8,580	8,580	9,199	9,779	10,828
Planning and development		4,294	5,408	6,687	9,633	8,580	8,580	9,199	9,779	10,828
Road transport		–	–	–	–	–	–	–	–	–
Total Expenditure - Standard	3	27,355	33,506	40,998	51,228	52,551	52,551	58,273	62,481	67,645
Surplus/(Deficit) for the year		(883)	8,634	15,541	16,275	16,019	16,019	20,805	20,801	21,512

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. The municipal revenue, operating expenditure and capital expenditure are then classified in terms of these functional areas which enable the National Treasury to compile “whole government reports”.
2. Note the total revenue on this table includes capital revenues and so does not balance to the operating revenue shown on table A4.
3. Note that as a general principle the revenues for trading should exceed their expenditures. Other functions that show a deficit between revenue and expenditure are being financed from other revenues and accumulated cash backed surplus.

Table 12 MBRR Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote	1									
Vote 1 - Corporate Services		24,688	40,472	19,028	23,105	23,085	23,086	27,681	30,017	32,471
Vote 2 - Municipal Manager		–	–	1,730	2,028	2,028	2,028	2,693	2,920	3,160
Vote 3 - Budget & Treasury		1,381	1,155	9,254	11,884	12,180	12,180	10,072	10,538	11,600
Vote 4 - Community Services		404	512	3,537	6,273	7,064	7,064	14,036	13,688	14,764
Vote 5 - Technical Services		–	–	18,988	19,269	19,269	19,269	20,228	21,384	22,661
Vote 6 - Development Planning		–	–	4,003	4,945	4,945	4,945	4,368	4,736	5,126
Total Revenue by Vote	2	26,472	42,140	56,539	67,502	68,570	68,571	79,078	83,282	89,781
Expenditure by Vote to be appropriated	1									
Vote 1 - Corporate Services		16,528	20,297	19,950	22,283	23,542	23,542	25,736	28,694	31,779
Vote 2 - Municipal Manager		2,204	2,238	1,829	2,902	2,862	2,862	2,982	2,955	3,167
Vote 3 - Budget & Treasury		4,328	5,563	8,516	8,585	8,620	8,620	9,893	9,694	10,144
Vote 4 - Community Services		–	–	4,016	7,824	8,946	8,946	10,462	11,360	11,728
Vote 5 - Technical Services		–	–	3,274	4,471	3,500	3,500	4,663	5,077	5,711
Vote 6 - Development Planning		4,294	5,408	3,413	5,162	5,081	5,081	4,536	4,702	5,117
Total Expenditure by Vote	2	27,355	33,506	40,998	51,228	52,551	52,551	58,273	62,481	67,645
Surplus/(Deficit) for the year	2	(883)	8,634	15,541	16,275	16,019	16,020	20,805	20,801	22,136

Table 13 MBRR Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1										
Revenue By Source											
Property rates	2	–	–	–	900	900	900	900	900	954	1,012
Property rates - penalties & collection charges					20	20	20	20	20	21	22
Service charges - refuse revenue	2	–	–	–	1,800	1,800	1,800	–	2,304	2,442	2,589
Service charges - other		97	264	195	164	140	140	140	202	115	120
Rental of facilities and equipment		208	143	145	300	271	271	271	203	262	277
Interest earned - external investments		1,317	718	724	800	1,100	1,100	1,100	900	954	1,011
Interest earned - outstanding debtors					60	60	60	60	66	70	74
Fines					100	200	200	200	200	212	225
Licences and permits		85	141	264	1,200	1,400	1,400	1,400	2,500	1,800	2,100
Agency services				371	600	600	600	600	750	795	843
Transfers recognised - operational		22,445	29,408	36,760	43,672	44,182	44,182	44,182	50,322	53,842	58,018
Other revenue	2	1	236	2,114	320	3,210	3,210	3,210	2,800	2,900	3,500
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		24,153	30,911	40,572	49,935	53,883	53,883	53,883	61,167	64,368	69,791
Expenditure By Type											
Employee related costs	2	10,850	14,896	18,772	24,792	23,750	23,750	23,750	26,658	28,434	30,466
Remuneration of councillors		5,121	5,626	5,737	6,962	6,962	6,962	6,962	7,006	7,427	7,947
Debt impairment	3			44	1,267	2,038	2,038	2,038	2,358	1,947	1,200
Depreciation & asset impairment	2	1,636	1,673	2,018	1,661	1,761	1,761	2,038	1,824	2,810	2,950
Finance charges		74	66	193	80	105	105	105	85	91	98
Bulk purchases	2	563	836	1,038	1,430	1,030	1,030	105	1,300	1,600	2,000
Other materials	8										
Contracted services		736	910	873	1,000	1,840	1,840	1,840	1,914	2,028	2,200
Transfers and grants		–	–	–	–	–	–	–	–	–	–
Other expenditure	4, 5	27,355	9,498	12,324	14,036	15,065	15,065	15,065	17,128	18,144	20,783
Loss on disposal of PPE											
Total Expenditure		46,335	33,506	40,998	51,228	52,551	52,551	52,551	58,273	62,481	67,645
Surplus/(Deficit)		(22,182)	(2,596)	(426)	(1,292)	1,332	1,332	1,332	2,895	1,887	2,147
Transfers recognised - capital		2,321	11,230	15,967	14,687	14,687	14,687	14,687	17,910	18,914	19,990
Contributions recognised - capital	6	–	–	–	–	–	–	–	–	–	–
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(19,862)	8,634	15,541	13,395	16,019	16,019	16,019	20,805	20,801	22,136
Taxation											
Surplus/(Deficit) after taxation		(19,862)	8,634	15,541	13,395	16,019	16,019	16,019	20,805	20,801	22,136
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(19,862)	8,634	15,541	13,395	16,019	16,019	16,019	20,805	20,801	22,136
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(19,862)	8,634	15,541	13,395	16,019	16,019	16,019	20,805	20,801	22,136

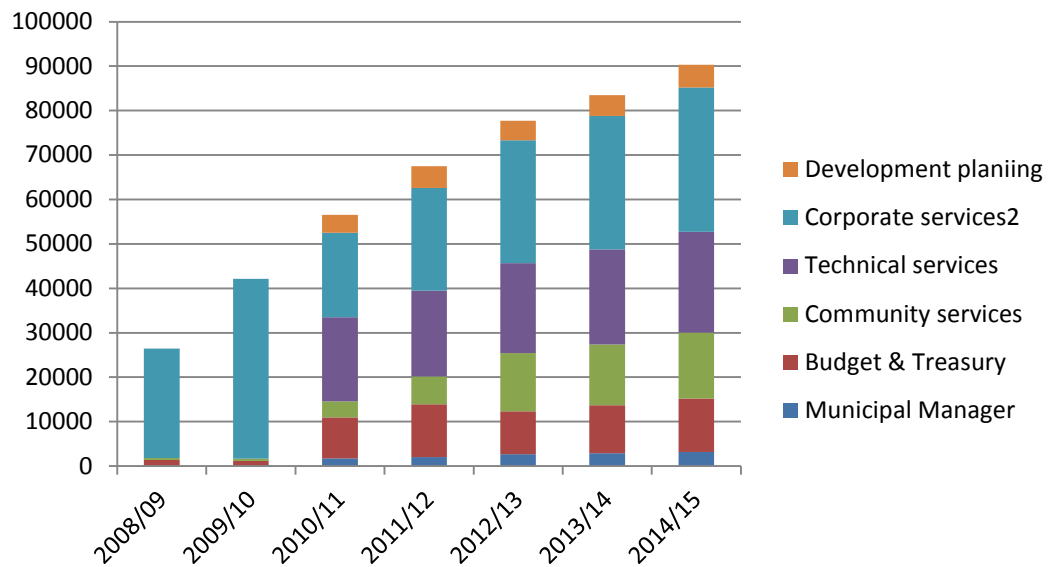
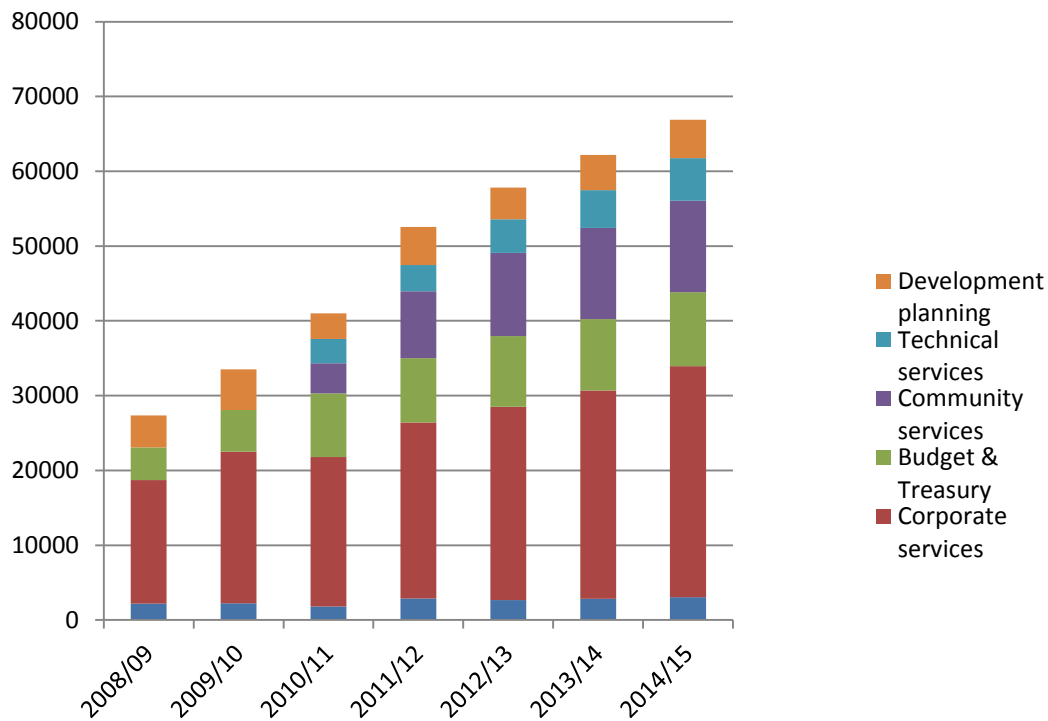
Chart 4: Operating revenue chart per vote**Chart 5: Operating expenditure per vote chart**

Table 14 MBRR Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital expenditure - Vote	2										
Multi-year expenditure to be appropriated											
Vote 1 - Corporate Services		58	1,243	9,774	1,815	1,307	1,307	1,307	1,285	70	190
Vote 2 - Municipal Manager		335	–	–	100	100	100	100	–	–	–
Vote 3 - Budget & Treasury		–	–	–	–	–	–	–	–	–	–
Vote 4 - Community Services		–	2,574	3,776	–	–	–	–	7,907	5,770	4,900
Vote 5 - Technical Services		–	–	5,065	–	–	–	–	83	57	57
Vote 6 - Development Planning		3,825	8,413	–	–	–	–	–	–	–	–
Vote 7 - Infrastructure		–	–	–	723	4,730	4,730	4,730	6,691	15,000	19,500
Vote 8 - Socio-Economic		–	–	–	14,562	11,094	11,094	11,094	6,166	450	–
Capital multi-year expenditure sub-total	7	4,218	12,230	18,616	17,200	17,231	17,231	17,231	22,133	21,347	24,647
Capital Expenditure - Standard Governance and administration		393	1,243	9,774	1,915	1,407	1,407	1,407	1,285	70	190
Executive and council		335									
Budget and treasury office					100	100	100	100			
Corporate services		58	1,243	9,774	1,815	1,307	1,307	1,307	1,285	70	190
Community and public safety		–	2,574	3,776	14,562	11,094	11,094	11,094	14,073	6,220	4,900
Community and social services			2,574	3,776	14,562	11,094	11,094	11,094	14,073	6,220	4,900
Sport and recreation											
Economic and environmental services		3,825	8,413	5,065	723	4,730	4,730	4,730	6,774	15,057	19,557
Planning and development		3,825	8,413	5,065	723	4,730	4,730	4,730	6,774	15,057	19,557
Road transport											
Total Capital Expenditure - Standard	3	4,218	12,230	18,616	17,200	17,231	17,231	17,231	22,133	21,347	24,647
Funded by:	4										
National Government		2,386	11,270	16,935	14,562	14,562	14,562	14,562	17,910	18,914	19,990
Provincial Government											
District Municipality											
Other transfers and grants											
Transfers recognised - capital		2,386	11,270	16,935	14,562	14,562	14,562	14,562	17,910	18,914	19,990
Public contributions & donations	5										
Borrowing	6										
Internally generated funds		1,832	960	1,681	2,638	2,669	2,669	2,669	4,222	2,433	4,657
Total Capital Funding	7	4,218	12,230	18,616	17,200	17,231	17,231	17,231	22,133	21,347	24,647

Table 15 MBRR Table A6 Budgeted Financial Position

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
ASSETS											
Current assets											
Cash		186	253	866	564	563	563	563	8,577	8,971	12,547
Call investment deposits	1	5,087	10,859	8,739	5,684	9,252	9,252	9,252	–	–	–
Consumer debtors	1	–	176	112	–	–	–	–	3,812	4,950	4,420
Other debtors		879	2,985	1,842	1,029	3,520	3,520	3,520	264	351	481
Current portion of long-term receivables											
Inventory	2	87	184	111	90	92	92	92	86	93	99
Total current assets		6,239	14,457	11,671	7,367	13,427	13,427	–	12,739	14,365	17,547
Non current assets											
Long-term receivables		–	–	–	–	–	–	–			
Investments											
Investment property											
Investment in Associate											
Property, plant and equipment	3	31,161	41,688	58,132	62,150	63,112	63,112	63,112	80,062	96,429	117,336
Agricultural											
Biological											
Intangible											
Other non-current assets											
Total non current assets		31,161	41,688	58,132	62,150	63,112	63,112	63,112	80,062	96,429	117,336
TOTAL ASSETS		37,400	56,145	69,803	69,517	76,539	76,539	76,539	92,801	110,794	134,883
LIABILITIES											
Current liabilities											
Bank overdraft	–										
Borrowing	4	96	73	140	–	–	–	–	267	213	126
Consumer deposits											
Trade and other payables	4	11,572	19,561	7,732	2,420	7,460	7,460	7,460	4,481	6,953	3,388
Provisions											
Total current liabilities		11,668	19,634	7,872	2,420	7,460	7,460	7,460	4,748	7,166	3,514
Non current liabilities											
Borrowing		128	55	129	–	–	–	–	568	430	256
Provisions		–	–	–	–	–	–	–	–	–	–
Total non current liabilities		128	55	129	–	–	–	–	568	430	256
TOTAL LIABILITIES		11,796	19,690	8,001	2,420	7,460	7,460	7,460	5,316	7,596	3,770
NET ASSETS	5	25,604	36,455	61,802	67,097	69,079	69,079	69,079	87,485	103,198	131,113
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		25,604	36,455	61,802	67,097	69,079	69,079	69,079	87,485	103,198	131,113
Reserves	4	–	–	–	–	–	–	–	–	–	–
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	25,604	36,455	61,802	67,097	69,079	69,079	69,079	87,485	103,198	131,113

Explanatory notes to Table A6-Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice and improves understanding of councillors and management of the impact of the budget on the statement of financial position.
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. Order of items within each group illustrates items in order of liquidity i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table notes (SA3 which can be found on page 102) providing a detailed analysis of the major components of a number of items including:
 - Call investments deposits
 - Consumer debtors
 - Property, plant and equipment
 - Trade and other payables
 - Provision non-current
 - Changes in net assets; and
 - Reserves

The municipal equivalent of equity is Community Wealth. The justification is that ownership and the net assets of the municipality belong to the community.

Any movement on the budgeted financial performance or capital budget will inevitably impact on the budgeted financial position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalent at year end. Similarly, the collection rate assumption should inform the budget appropriation debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 16 MBRR - Table A7 Budgeted Cash Flows

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		1,672	914	2,681	5,583	5,583	5,583	5,583	5,928	6,652	8,550
Government - operating	1	22,995	28,984	35,053	43,672	44,182	44,182	44,182	50,322	53,842	58,018
Government - capital	1	2,321	11,230	15,967	14,687	14,687	14,687	14,687	17,910	18,914	19,990
Interest		1,317	718	724	800	1,100	1,100	1,100	966	1,024	1,085
Dividends											
Payments											
Suppliers and employees		(23,427)	(29,280)	(38,182)	(48,219)	(48,648)	(48,648)	(48,648)	(53,971)	(59,198)	(61,643)
Finance charges		(74)	(28)	(152)	(80)	(105)	(105)	(105)	(85)	(91)	(98)
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		4,802	12,538	16,091	16,443	16,799	16,799	16,799	21,069	21,142	25,903
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	98	(5)	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		(465)	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(5,524)	(12,105)	(18,522)	(16,024)	(16,024)	(16,024)	(18,305)	(17,706)	(19,212)	(23,415)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(5,989)	(12,006)	(18,528)	(16,024)	(16,024)	(16,024)	(18,305)	(17,706)	(19,212)	(23,415)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(82)	(96)	141	(86)	(86)	(86)	(168)	(141)	(112)	(189)
NET CASH FROM/(USED) FINANCING ACTIVITIES		(82)	(96)	141	(86)	(86)	(86)	(168)	(141)	(112)	(189)
NET INCREASE/ (DECREASE) IN CASH HELD		(1,270)	435	(2,296)	332	689	689	(1,674)	3,223	1,818	2,299
Cash/cash equivalents at the year begin:	2	11,228	9,958	10,394	8,563	8,563	8,714	8,563	6,889	10,112	11,930
Cash/cash equivalents at the year end:	2	9,958	10,394	8,098	8,895	9,252	9,404	6,889	10,112	11,930	14,229

Table 17 MBRR Table A8 Cash backed reserves/accumulated surplus reconciliation

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash and investments available											
Cash/cash equivalents at the year end	1	9,958	10,394	8,098	8,895	9,252	9,404	6,889	10,112	11,930	14,229
Other current investments > 90 days		(4,686)	718	1,507	(2,647)	563	411	2,926	(1,535)	(2,959)	(1,682)
Non current assets - Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		5,273	11,112	9,605	6,248	9,815	9,815	9,815	8,577	8,971	12,547
Application of cash and investments											
Unspent conditional transfers		4,589	7,790	1,002	2,000	4,807	4,807	4,807	1,795	1,918	1,193
Unspent borrowing		–	–	–	–	–	–	–	–	–	–
Statutory requirements	2										
Other working capital requirements	3	3,220	8,086	5,032	(632)	368	368	–	256	1,353	(1,698)
Other provisions				44	1,267	2,038	2,038	2,038	2,358	1,947	1,200
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5	1,636	1,673	2,018	1,661	1,761	1,761	1,761	1,427	1,740	4,950
Total Application of cash and investments:		9,445	17,549	8,097	4,296	8,974	8,974	8,606	5,837	6,957	5,645
Surplus(shortfall)		(4,172)	(6,438)	1,509	1,952	841	841	1,209	2,740	2,014	6,902

1. The cash backed reserves/ accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42-funding a municipal budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/ commitments that exist.
3. The outcome of this exercise would either be a surplus or a deficit. A deficit would indicate that the applications of this exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be funded.
4. As part of the budgeting and planning guidelines that informed the compilation of the 2012/13 MTREF the end objective of the medium term framework was to ensure the budget is aligned to section 18 of the MFMA.

Table 18 MBRR - Table A9 Asset Management

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
CAPITAL EXPENDITURE										
<u>Total New Assets</u>	1	4,385	11,954	18,616	17,200	16,024	16,024	22,133	21,347	24,647
Infrastructure - Road transport		1,111	1,849	2,927	150	150	150	-	-	2,000
Infrastructure - Electricity		-	2,034	416	505	4,512	4,512	5,191	10,500	17,500
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	2,324	1,722	55	-	-	1,500	4,500	-
Infrastructure		1,111	6,207	5,065	710	4,662	4,662	6,691	15,000	19,500
Community		1,307	2,574	3,776	6,145	6,056	6,056	6,657	3,670	4,300
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	1,967	3,173	9,774	10,345	5,306	5,306	8,785	2,677	847
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Renewal of Existing Assets</u>	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-	-	-
Community	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<u>Total Capital Expenditure</u>	4									
Infrastructure - Road transport		1,111	1,849	2,927	150	150	150	-	-	2,000
Infrastructure - Electricity		-	2,034	416	505	4,512	4,512	5,191	10,500	17,500
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	2,324	1,722	55	-	-	1,500	4,500	-
Infrastructure		1,111	6,207	5,065	710	4,662	4,662	6,691	15,000	19,500
Community		1,307	2,574	3,776	6,145	6,056	6,056	6,657	3,670	4,300
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		1,967	3,173	9,774	10,345	5,306	5,306	8,785	2,677	847
TOTAL CAPITAL EXPENDITURE - Asset class	2	4,385	11,954	18,616	17,200	16,024	16,024	22,133	21,347	24,647

Council is not appropriating for the renewal of existing assets as the main assets owned by the municipality are new and are under the defects liability period.

Table 19 MBRR - Table A10 Basic service delivery measurement

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Refuse:</u>										
Removed at least once a week					9,000	9,000	9,000	7,650	8,400	9,000
<i>Minimum Service Level and Above sub-total</i>					9,000	9,000	9,000	7,650	8,400	9,000
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	20,350	20,720	21,576
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	20,350	20,720	21,576
Total number of households	5	-	-	-	9,000	9,000	9,000	28,000	29,120	30,576
<u>Households receiving Free Basic Service</u>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	2,000	2,600	3,500
<u>Cost of Free Basic Services provided (R'000)</u>	8									
Water (6 kilolitres per household per month)					-	-	-	-	-	-
Sanitation (free sanitation service)					-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		563	836	1,038	1,430	1,030	1,030	1,300	1,600	2,000
Refuse (removed once a week)					-	-	-	-	-	-
Total cost of FBS provided (minimum social package)		563	836	1,038	1,430	1,030	1,030	1,300	1,600	2,000
<u>Highest level of free service provided</u>										
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
<u>Revenue cost of free services provided (R'000)</u>	9									
Property rates (R15 000 threshold rebate)		-	-	-	-	-	-	-	-	-
Property rates (other exemptions, reductions and rebates)		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-
Electricity/other energy		-	-	-	-	-	-	-	-	-
Refuse		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of free services provided (total social package)	6	-	-	-	-	-	-	-	-	-

Part 2: Supporting documents

2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities as set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Mayor.

The primary aim of the budget steering committee is to ensure;

- That the process followed to compile the budget complies with legislation and good budget practices;
- There is proper alignment between the policy and service delivery priorities set out in the municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality.
- That the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available;
- That the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

Budget Process Overview

Section **21(1)(b)** of the Municipal Finance Management Act (MFMA) (no. 56 of 2003) generally echoes Section **28(1)** of the Municipal Systems Act (MSA) (no. 32 of 2000) by prescribing that the Mayor of the Municipality must at least 10 months before the commencement of the financial year, table in the Council a time schedule outlining key deadlines for the preparations, tabling and approval of the annual budget and also the review of the Integrated Development Plan. **Below is the schedule for the IDP/Budget process for the 2012/2013 Financial Year as adopted by Council:**

Preparatory phase commenced with the process plan. The table below tells a story of the process plan.

Table 20: IDP/Budget Process for the 2011/2012

MONTH	ACTIVITY	Target date
PREPARATORY PHASE/		
July 2011	<ul style="list-style-type: none"> Review of previous year's IDP/Budget process, MTEF included. EXCO provides political guidance over the budget process and priorities that must inform preparations of the budget. Compilation of updated ward based data. IDP/Budget Steering Committee meeting. Consultation with established Committees and for a 4th Quarter Performance Lekgotla (2010/11) 	July 2011
August 2011	<ul style="list-style-type: none"> Ward-to-Ward based data collection Collate information from ward based data. Submit AFS (Annual Financial Statements) for 2010/11 to AG Submit Process Plan for 2012/13 to Council. Submit 2010/11 cumulative Performance Report to AG & Council Structures 	August 2011
MONTH	ACTIVITY	Target date
ANALYSIS PHASE		
September 2011	<ul style="list-style-type: none"> Council determines strategic objectives for service delivery through IDP review processes and the development of the next 3 year budget (including review of sector departments plans). Determine revenue projections and propose tariffs and draft initial allocations per function and department for 2011/12 financial year. Consult with provincial and national sector departments on sector specific programmes for alignment (schools, libraries, clinics, water, electricity, roads, etc). Finalize ward based data compilation for verification in December 2011. Update council structures on updated data. 	September 2011
MONTH	ACTIVITY	Target date
STRATEGIES PHASE		
October 2011	<ul style="list-style-type: none"> Quarterly (1st) review of 2011/12 budget, related policies, amendments (if necessary), any related consultative process. Begin preliminary preparations on proposed budget for 2012/13 financial year with consideration being given to partial performance of 2011/12. 1ST Quarter Performance Lekgotla (2011/12) 	October 2011
PROJECTS PHASE		
November 2011	<ul style="list-style-type: none"> Confirm IDP projects with district and sector departments. Engage with sector departments' strategic sessions to test feasibility of attendance to planned sessions. Review and effect changes on initial IDP draft. 	November 2011
INTEGRATION PHASE		
December 2011	<ul style="list-style-type: none"> Table Draft 2010/11 Annual Report to Council Review budget performance and prepare for adjustment Consolidated Analysis Phase in place IDP/Budget Steering Committee meeting IDP Rep Forum 	December 2011

January 2012	<ul style="list-style-type: none"> • Table Draft 2010/11 Annual Report to Council. • Submit Draft Annual Report to AG, PT and DLGH. • Publish Draft Annual Report in the municipal jurisdiction (website etc). • Prepare Oversight Report for the 2010/11 financial year. • Mid-Year Performance Lekgotla/Review/Strategic Planning Session, (review of IDP/Budget , related policies and consultative process). 	January 2012
MONTH	ACTIVITY	Target date
February 2012	<ul style="list-style-type: none"> • Table Budget Adjustment (if necessary). • Submission of Draft IDP/Budget for 2012/13 to Management. • Submission of Draft IDP/Budget and pans to Portfolio Committees. • Submission of Draft IDP/Budget to EXCO. 	February 2012
March 2012	<ul style="list-style-type: none"> • Council considers the 2012/13 Draft IDP/Budget. • Publish the 2012/13 Draft IDP/Budget for public comments. • Adoption of Oversight Report for 2010/11. 	March 2012
	APPROVAL PHASE	
April 2012	<ul style="list-style-type: none"> • Submit 2012/13 Draft IDP/Budget to the National Treasury, Provincial Treasury and DLGH in both printed & electronic formats. • Quarterly (3rd) review of 2010/11 budget/IDP and related policies' amendment (if necessary) and related consultative process. • Consultation with National and Provincial Treasury, community participation and stakeholder consultation. • Submission of IDP/Budget for 2011/12 to Council structures with incorporated comments from the consultative process and taking into account 3rd quarterly review of the current year. • 3rd Quarter Performance Lekgotla (2011/12) 	April 2012
May 2012	<ul style="list-style-type: none"> • Submission of Final Draft of IDP/Budget for 2012/13 to the Council for approval. • Prepare SDBIP for 2012/2013. • Develop Performance Agreements (Performance Plans) of MM, Senior Managers and Middle Managers for 2012/13 performance year. 	May 2012
June 2012	<ul style="list-style-type: none"> • Submission of the SDBIP to the Mayor. • Submission of 2012/13 Performance Agreement to the Mayor. 	June 2012

As is customary, three nodal public participation sessions were held in order to receive and synthesise community input into this IDP/Budget. The sessions took place on the 28/09/2011 for the Atok Node, 04th /10/2011 for Apel & Strydkraal Node and 13th/10/2011 for Mphanama Nodes.

The IDP Steering Committee, (held on 01/09/2011), village based and wide municipal public participations sessions held on the 01st of November 2011, data from the questionnaires

submitted by the wards, one-to-one interview studies with the ward councillors and myriad of alignment meetings helped a great deal in documenting this IDP/Budget.

A Mid-term strategic lekgotla was convened on the 18th-21 January to assess the implementation of the current year budget as well as to review strategies and budget for 2012/13-2014/14 Medium term revenue expenditure framework.

The strategic *lekgotla* was further followed by consultations with municipal departments, the provincial treasury and the IDP/Budget steering committee.

Draft IDP/ budget was tabled in council on the 29th March 2012. The adoption was then followed by public participation sessions. The sessions followed the customary process wherein the following stakeholders were consulted separately; Magoshi, organised business, ward committees and communities through nodal points. Furthermore, meetings were held with various departments to receive inputs.

The draft IDP, budget and SDBIP documents were submitted to the provincial treasury, national treasury, CoGHSTA and COGTA. The final draft IDP and budget will be tabled to Council on the 31st May 2012 for adoption.

2.2 Overview of alignment of annual budget with IDP

The budget responds to needs outlined in the IDP as a five year strategic document developed in consultation with the communities. Internally, departments outline their strategic programme of action propose their budgetary needs and priorities there in line with the available funds.

The table below depicts municipal priorities per strategic agenda.

Table 21 MBRR Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (operating revenue)

Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
To strengthen institutional efficiency and governance	Municipal transformation, organisational delopment and good governance	22,392	29,313	36,429	43,572	44,082	44,082	50,207	53,742	57,918
Provision of basic infrastructure to improve basic services	Improvement of cemeteries, provision of recreational parks, and sports facility	2,321	11,230	15,967	14,687	14,687	14,687	17,910	18,914	19,990
Waste Management	Ensure a health living environment				1,800	1,800	1,800	2,304	2,442	2,589
To maximally harness opportunities for revenue generation	Improved revenue base and a reduction of grant depedency	293	268	754	3,095	3,377	3,377	4,566	4,007	4,438
Improve institutional capacity	Provide administrative infrastructure to support service delivery	1,467	1,329	3,389	4,349	4,624	4,624	4,091	4,177	4,847
Allocations to other priorities										
Total Revenue (excluding capital transfers and contributions)		26,473	42,140	56,539	67,502	68,570	68,570	79,078	83,282	89,781

Table 22: MBRR Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
To promote compatible land use and development	Ensure availability of land			3,274	4,471	3,500	3,500	4,663	5,077	5,711
To strengthen institutional efficiency and governance	a synchronised planning and a credible IDP and budget	2,204	2,238	1,829	2,902	2,862	2,862	2,982	2,955	3,167
To craete an environment that would stimulate local economic development	Improve local economy			4,016	7,824	8,946	8,946	10,462	11,360	11,728
To maximally harness opportunities for revenue generation	Improved revenue base and a reduction of grant depedency	4,328	5,563	8,516	8,585	8,620	8,620	9,893	9,694	10,144
To improve attendance and functionality of good governance systems	adequate institutional systems	16,528	20,297	19,950	22,283	23,542	23,542	25,736	28,694	31,779
To ensure provision of affordable basic services	Timely delivery and reliability and availability of basic services	4,295	5,408	3,413	5,162	5,081	5,081	4,536	4,702	5,117
Allocations to other priorities										
Total Expenditure		27,356	33,506	40,998	51,228	52,551	52,551	58,273	62,481	67,645

Table 23: MBRR Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
Provision of basic infrastructure to improve basic services	Creating conditions for LED	1,111	1,849	2,927	150	150	150	–	–	2,000
Street lighting	Provide street light to all residence	–	2,034	416	505	4,512	4,512	5,191	10,500	17,500
Waste Management	Ensure a health living environment	–	2,324	1,722	55	–	–	1,500	4,500	–
Improve community Infrastructure	Provision of recreational parks, community halls, sports facility, and improvement of cemeteries	1,307	2,574	3,776	6,145	6,056	6,056	6,657	3,670	4,300
Improve institutional capacity	Provide administrative infrastructure to support service delivery	1,967	3,319	9,774	10,345	6,513	6,513	8,785	2,677	847
Allocations to other priorities										
Total Capital Expenditure		4,385	12,100	18,616	17,200	17,231	17,231	22,133	21,347	24,647

2.3 Measurable performance objectives

Fetakgomo Local Municipality's development strategies: meeting the development challenges

The development strategies are the product of the strategic planning session. The actual strategies detailed in tabular perspective below orients towards the achievement of the strategic priorities, objectives and outcomes as flagged supra (in the previous sections of this chapter). They are arranged according to Key Performance Areas (KPAs) / respective output, thereby beginning with spatial rationale – the overarching purpose is to reconfigure the municipal space economy from a spatial perspective.

1. Spatial rationale (Output 04)

KPA	Development challenge/issue	Strategic objective	Development strategies	Outcome
Spatial Rationale	Inaccessibility of land	To promote compatible land use and development	Stakeholder engagements (traditional leaders, Dept of Rural Dev & Land Reform) for prompt & easy land acquisition	Infrastructural investment & development
	Unresolved land claim		Call for an engagement between the Dept of Rural Dev and Land Reform (Land Claims Section), House of Traditional Leaders, SDM & relevant stakeholders to expedite land claim resolution	Peaceful rural development
	Land invasion		Engage the COGHSTA& traditional authorities on land use issues in order to create conducive environment for sustainable development	Social cohesion
			Develop and implement mechanisms to protect land which is earmarked for development	
	Dispersed settlement, uncoordinated & chaotic land use		Enforcement and implementation of land development policies i.e ensure proper co-ordination of land use development & management	Compatible rural development & environmental sustainability
			Identify & protect strategic areas for promotion of clusters & integrated development	Sustainable human settlement & effective information
	Unease location of spaces within the		Lobby for / initiate own GIS	

KPA	Development challenge/issue	Strategic objective	Development strategies	Outcome
	Municipality			
	Environmental problems	To raise community awareness about environmental issues	Undertake environmental awareness i.e advocate disengagement with wood & encourage solar and other sources of energy friendly to environment	Clean, safe and healthy environment

2. Municipal transformation and organisational development (Output 01 and Output 07)

The long-term goal of the municipality is to have an organisation that is transformed, promote skills (competency) development of officials and councillors and development of policies and by-laws that promote service delivery and sound organisational management.

KPA	Development challenge/issue	Strategic objective	Development strategies	Outcome
Municipal transformation and organisational development	Inadequate institutional governance systems	To strengthen institutional efficiency and governance	Review and implementation of municipal planning frameworks, e.g. IDP/Budget, Communication Strategy just to mention a few	Synchronised planning, credible IDP/Budget
			By-laws: Implementation of the approved, finalisation of outstanding, design and identification new by-laws	Improved regulatory environment
			Implementation of Disaster Recovery Plan (DRP)	Data retrieval/storage
			Enhance & improve legislative compliance	Attainment of transformation & strengthening of levels of institutionalisation
			Ensure provision of adequate & reliable information management systems	Effective and efficient information management
			Ensure realistic human resources development and effective Human Resource Management	Improved institutional performance
			Engage various stakeholders for training programmes support	

KPA	Development challenge/issue	Strategic objective	Development strategies	Outcome
			Alignment of training programmes with needs	
			Ensure implementation of Performance Management System	Institutional accountability & attainment of municipal goals
			Implementation of Anti-Corruption and Fraud Prevention Strategy	Prevention of corruption & enhanced institutional accountability
			Ensure provision of efficient fleet management	Sustainable transport service
			Maximise monitoring, evaluation and reviewing of accountability systems	Improved transparency and fairness
			Provide effective legal services	Maximum compliance
			Ensure maintenance of municipal facilities	Safe environment
			Ensure compliance to applicable labour legislation	Productive & performance focused personnel & maximum compliance to legislation
			Mobilise for empowerment of management forums i.e IDP forum, LED forum etc	Functional forums
			Engage SDM, COGHSTA, LEDET & MDB in devolving some of the feasible powers & functions i.e water provisions, roads and trade regulations etc.	More accountable Municipality, improved viability & increased role in bringing improved quality of life to local community
		To improve institutional capacity for FTM	Lobby for partnership with stakeholders in favour of popularisation & collective implementation of MTAS (Municipal Turn Around Strategy)	Municipal transformation, organisational development & good governance
	Reconfiguration of Municipalities		Lobby for partnership in favour of FTM retaining its institutional establishment in view of the sterling	Sustainability of FTM as a leading & well-government Municipality

KPA	Development challenge/issue	Strategic objective	Development strategies	Outcome
			municipal performance highlighted in the Analysis Phase as well as mitigating strategies entailed .	
			Reconfiguration with Tubatse as a compromise owing to the dominant identical economies of the two as the largest mining economies in the district	

3. Service delivery and infrastructure development/investment (Output 02)

This set of development strategies addresses the provision of basic services with improved infrastructure. The aim is to improve residents' quality of life through eliminating poverty and unemployment, improved literacy levels and reduced dependency ratios. The provision of the following services is seen as especially important: integrated human settlements, water, sanitation, electricity, roads, education, health and social development and safety and security.

KPA	Development challenge/issue	Strategic objective	Development strategies	Outcome
Service Delivery and Infrastructure Investment	Shortage of 3484 housing units	To facilitate provision of affordable housing to 3484 residents/families	Negotiate with COGHSTA for provision of adequate housing units	Access to housing by the needy
			Linking housing provision to available SDF, engineering infrastructure and all other related spatial plans	Promotion of compact settlements
			Monitor execution of feasibility studies prior construction to enable quality infrastructure	Reliable and safe housing
			Facilitate Quality Assurance	Satisfied beneficiaries
			Explore opportunities for construction of social housing	Alternative housing schemes
			Identify strategic areas for large scale housing sites with potential for good supportive infrastructure	Integrated human settlement
			Ensure that low cost	Preservation of

KPA	Development challenge/issue	Strategic objective	Development strategies	Outcome
			housing is integrated into existing villages	cultural settlement patterns
			Engage COGHSTA for completion of all previous housing allocations	Satisfied beneficiaries
	Shortage of portable water and reliable water sources	To facilitate access to portable water to villages through SDM engagements	Identify and prioritise villages with no water infrastructure	Access to water
			Submit to SDM for prioritisation of extension on bulk water to new areas	
			Monitor execution of feasibility studies prior construction to enable quality infrastructure	Quality assurance
	Poor operation and maintenance of water infrastructure	To facilitate Operation and Maintenance	Highlight to SDM for improved and acceptable turnaround time	Timeous response
			Highlight to the SDM the need for alignment of WSP to WSDP	Alignment
	Insufficient basic level sanitation services (90%) & unsanitary environment	To facilitate access to basic level sanitation infrastructure	Negotiate with COGHSTA& SDM for allocation of sufficient sanitation units to meet national target	Improved access to healthy sanitation
			Monitor execution of feasibility studies prior construction to enable quality infrastructure	Quality assurance
			Engage all targeted communities in sanitation awareness/education	Informed communities
			Facilitate monitoring of sanitation projects	Satisfied beneficiaries
	Post connection electricity backlog (12%)	To facilitate provision of electricity post connections	Engage ESKOM in prioritisation of villages in line with the IDP's priority list	Broad coverage electrification
			Update data on households that need Post Connections with possibility of new projects	Access to electricity by all households
			Ensure availability of Business Plans for non-electrified households	Broad coverage electrification

KPA	Development challenge/issue	Strategic objective	Development strategies	Outcome
	Declining statistics from FBE benefit to Non-collection from FBE configured beneficiaries	To improve FBE benefit to all qualifying beneficiaries	Intensify awareness to communities on registration and collection. Engage Eskom	Informed communities
			Constant updating of beneficiary list/database	Reliable beneficiary data base. Benefit by all deserving
	Impassable roads (rocky, dongas etc)	To improve access to viable roads, facilitate tarring & possibility	Mobilise resources through engagements with SDM & DoRT for surfacing of roads	Improved accessibility & mobility within Fetakgomo
			Advocate maintenance & extension of roads through SDM & DoRT engagements	
	Huge storm water drainage backlog	To facilitate provision of storm water drainage for passable roads	Engage DoRT, SDM & other relevant authorities for provision of storm water drainage	
	Inadequate public transport	To facilitate provision of adequate public transport	Negotiate for adequate, additional Great North Transport Busses and expansion of their bus routes.	
	Public transport conflict	To encourage peaceful resolution of conflicts	Resuscitation of Local Transport Forum	
	Lack of Hospital	To facilitate for converting of Nchabeleng Health Centre into Hospital	Follow up in partnership for converting of Nchabeleng Health Centre into Hospital	Improved access to health services
	Insufficient clinics	To facilitate provision of 5 clinics	Lobby for partnership in favour of establishment of 5 clinics	
	Inadequate educational facilities & equipments	To facilitate for provision of educational facilities & equipments	Engage Dept of Education for construction of schools, upgrading/renovation, extension of blocks, general infrastructural provision & equipments at schools	Educated community
	Inadequate safety and security operations	To facilitate for the upgrading of existing Apel	Follow up lobby for partnership in favour of SAPS for construction of	Improved access to services & law enforcement

KPA	Development challenge/issue	Strategic objective	Development strategies	Outcome
		Police Station	police station i.e engage Department of Police	
		To facilitate for establishment of Magistrate court	Lobby for partnership in favour of one Magistrate's Court.	
	Inadequate Home Affairs operations	To facilitate for the construction of fixed Home Affairs Offices	Follow up lobby in partnership for construction of Home Affairs Offices i.e engage Home Affairs	Improved access to services of Home Affairs
	Inadequate waste management	To provide safe & clean environment	Upgrade Food for Waste into a full refuse removal service & resource mobilisation to expand waste collection	Clean & healthy environment
			Promotion of environmental sound practices	
		To provide sustainable waste management infrastructure	Maintenance of the waste management assets (established/existing landfill sites, compactor truck etc)	Sustainable & affordable waste management services
			Mobilise financial resources for purchasing of TLB, construction of weighbridge & employment staff to sustain refuse removal	
	Cemeteries	To fence & provide sanitary facilities at the cemeteries	Identification, prioritisation & provision of fencing and sanitary facilities at cemeteries	Human dignity & healthy environment
	Disaster management	To prevent & provide response to disaster	Mobilisation of & provision of relief to disaster victims	Disaster prevention, preparedness and response
			Educate communities about disaster management	
			Lobby for partnership (i.e SDM) in favour of provision of Disaster Management Centre	
			Orientate personnel & stakeholders about the municipal Disaster	

KPA	Development challenge/issue	Strategic objective	Development strategies	Outcome
			Recovery Plan (DRP)	
	Poor network (cell phone, TV & radio) coverage	To facilitate for strengthening of cell phone, TV & radio network coverage	Follow up with SENTECH, ICASA, Cell phone operations & relevant authorities for strengthening network coverage with Fetakgomo	Effective communication
	Inadequate access to telephones	To improve access to telephones	Lobby for TELKOM in favour of provision of landline/telephone facilities	
	High infrastructural backlog	To optimise infrastructural investment & development	Development of Municipal Infrastructural Investment Framework (MIIF)	Economic growth & development
			Finalisation of Comprehensive Investment Plan	

4. LED (Output 03)

The long-term goal of the municipality is to promote local economic growth and development through coordination and facilitation of local, provincial and national economic initiatives.

KPA	Development Challenge/issue	Strategic objective	Development strategies	Outcome
Local Economic Development	Weak environment for local economic development	To create an environment that would stimulate economic growth and development	Facilitate creation of casual, temporary and permanent jobs through LED initiatives and Public-Private-Partnerships	Poverty alleviation
			Mobilise for the implementation & review of the LED Strategy/Plan	Improved local economy
			Mobilise support for local farmers	Increased capacity
			Promote and support community-based income generating projects for sustainability	Self-reliant SMMEs and other related local economic initiatives

KPA	Development Challenge/issue	Strategic objective	Development strategies	Outcome
	Inadequate /dormant tourism	To create a conducive environment for promoting community tourism in the Municipality	Promote awareness & popularise tourism plan.	Exploited tourism opportunities
			Marketing & mobilisation of resources for development of identified/profiled tourism sites to enhance sector competitiveness	
			Encourage preservation of cultural heritage site	Preserved heritage sites
	Lack of small scale industries linked to mining	To encourage the establishment of small scale industries that will supply inputs into mining industries	Mobilise resources to support the establishment of small scale industries linked to mining	Value chain creation
			Establish partnership with existing mines and other key stakeholders to support local economic development	Business opportunities for SMME's
	Poor linkages of SMMEs to available opportunities	To link SMMEs to available opportunities	Influence/input in mines' social responsibility plans and monitor implementation	Improved economic activity
	Limited mining contribution to community development	Enhance mines' adherence to social responsibility	Maintain partnership with the Department of Agriculture for preservation & exploration of land productivity	Food security
	Agriculture at small scale	To optimise agricultural production	Enhance sector competitiveness	
	Skill deficit	To ensure optimum utilisation of Sekhukhune College for skill base improvement	Follow up with the Dept of Education, UNIVEN & other stakeholders regarding optimum utilisation of Sekhukhune College	Educated community

5. Financial viability (Output 06)

If Fetakgomo Municipality is to perform its functions effectively and achieve its developmental outcomes, it needs to improve its financial viability. The development strategies below work towards the realisation of this goal.

KPA	Development challenge/issue	Strategic objective	Development strategies	Outcome
Financial viability	Limited revenue base	To maximally harness opportunities for revenue generation	Concentrate on increasing revenue from the following potential sources. Traffic function (Learners' drivers license, renewal & registration of motor vehicles & testing services) Property rates Renting of Council facilities Billboards tariffs Building Regulations Refuse removal Land use application	Financially viable & sustainable municipality
	Resistance by property owners to pay to pay property rates		Implementation of certified valuation roll & compilation of supplementary valuation roll	Improved revenue base Credible valuation roll &
	Inadequate debt collection rate		Maximum debt collection rate	Increased revenue
	High grant dependency / indigent community		Engaging LEDET on devolution of trade regulation function	Diversified revenue sources
			Investment	Financial viability
			Provision of basic services to the indigent community	Satisfied customers / low grant dependency
	High rate of unemployment	To reduce unemployment rate	To ensure effective implementation of the indigent policy	

6. Good governance and public participation (Output 05)

"Development is about people". It is felt that deepening of public participation will enhance the skills and capacity of the community by using their indigenous knowledge systems to influence their own development. In this context, the Municipality strives to integrate special programmes (HIV/AIDS and care of vulnerable groups) in a more meaningful manner to ensure sustainable service delivery.

KPA	Development challenge/issue	Strategic objective	Development strategies	Outcome
Good Governance and Public participation	Non-attendance by some stakeholders of IGR structures (governance systems) which impacts on institutional performance	To improve attendance & functionality of governance system	Strengthening the support model for governance structure	Adequate institutional governance system
			Bench mark for improvement	Good governance
			Employ customized capacity building for governance structure	Capacitated stakeholders governance structure
			Support & strengthen existing forums i.e IDP Forum, Magoshi Forum etc	Structured participation
		To facilitate coordination of government programmes within the Municipality	Ensure integrated service delivery & support for cross cutting issues	Co-operative governance & social accountability
			Ensure alignment of community outreach and public participation programmes from all spheres of government	Informed communities
			Improve municipal wide communication	
	HIV/AIDS prevalence	To intensify HIV/AIDS awareness	Forge partnership with stakeholders	Reduce the rate of HIV/AIDS infection
	Minimal participation of designated groups	To maximise participation of designated groups in the municipal affairs	Strengthening support for Youth Council, Women Council, Disability Council, children & moral regeneration	Mainstreaming and integration of focus groups' interests into municipal development planning enterprise
	Non-functionality of Sports Council	To improve functionality of Sports Council	Source & develop mechanisms for efficient sport activities	Improved sport & recreation

Table 24: MBRR - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
<u>Borrowing Management</u>											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.3%	0.5%	0.1%	0.3%	0.4%	0.4%	0.5%	0.4%	0.3%	0.4%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	9.2%	10.8%	1.4%	2.7%	2.0%	2.0%	2.8%	2.1%	1.9%	2.4%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	0.5	0.7	1.5	3.0	1.8	1.8	2.0	2.7	2.0	5.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	0.5	0.7	1.5	3.0	1.8	1.8	2.0	2.7	2.0	5.0
Liquidity Ratio	Monetary Assets/Current Liabilities	0.5	0.6	1.2	2.6	1.3	1.3	2.0	1.8	1.3	3.6
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		427.9%	116.6%	86.8%	102.2%	64.9%	64.9%	64.9%	59.6%	69.5%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)			427.9%	116.6%	86.8%	102.2%	64.9%	64.9%	64.9%	59.6%	69.5%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	3.6%	10.2%	4.8%	2.1%	6.5%	6.5%	0.0%	6.7%	8.2%	7.0%
Creditors to Cash and Investments		70.1%	113.2%	83.1%	4.7%	28.7%	28.2%	0.0%	26.6%	42.2%	15.4%
<u>Other Indicators</u>											
Employee costs	Employee costs/(Total Revenue - capital revenue)	44.9%	48.2%	46.3%	49.6%	44.1%	44.1%	44.1%	43.6%	44.2%	43.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	63.7%	59.9%	58.1%	61.4%	54.9%	54.9%		55.0%	53.7%	55.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	1.3%	0.9%	1.2%	1.6%	1.1%	1.1%		1.0%	1.8%	2.5%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	7.1%	5.6%	5.4%	3.5%	3.5%	3.5%	3.5%	3.1%	4.5%	4.4%
<u>IDP regulation financial viability indicators</u>	–										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	2.1	2.6	4.3	5.3	5.3	5.3	8.8	9.5	8.3	9.2
ii.O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	288.7%	776.9%	575.6%	32.3%	112.4%	112.4%	0.0%	112.3%	139.7%	121.9%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	4.2	4.8	3.1	2.6	2.7	2.7	2.0	2.6	2.9	3.3

Table 25: MBRR–Measurable performance objectives**Supporting Table SA7 Measureable performance objectives**

Description	Unit of measurement	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Vote 1 - Technical services	No of villages							10.0%	30.0%	50.0%
Function 1 - Electricity										
Sub-function 1 - Electrify the villages										
Provide lights to all villages										
Sub-function 2 - waste management	Completion of phase 3									
improve the capacity of the landfill site										
Specialised vehicles procured	Number							100.0%	100.0%	
Sub-function 3 - Community hall	% completed							100.0%	100.0%	100.0%
Construction of new buildings for community										
Function 2 -Social services	Number							3.0%	3.0%	3.0%
Sub-function 1 - Cemeteries										
Cemeteris fences										
Sub-function 2 - Social services	% Completion							100.0%		
New MPCC erected										
Sub-function 3 - Library	% completion									100.0%
New library erected										
Vote 2 - Corporate services	% completion							100.0%		
Function 1 - Sports & recreation								100.0%		
Sports field	% completion									
Sub-function 2 - Traffic function	Number provided							100.0%	100.0%	100.0%
Traffic equipments										
Sub-function 3 - Office equipments	% completion							50.0%	100.0%	
Equipment of new office buildings										
Vote 3 - Local economic development	% completed							100.0%		
Function 1 - SMME development										
Paving of hawkers stalls	% completed									
Insert measure/s description										
And so on for the rest of the Votes										

2.4 Overview of budget assumptions

An advice from National Treasury circular 58 and 59 was taken into account in preparing the budget. The municipalities revenues will continue to be under pressure owing to a general decline in the world and domestic economy which has put economic pressures on the household and therefore advises municipalities to use a conservative approach when making revenue estimates.

Municipalities must pay special attention to controlling unnecessary spending on nice-to-have items and non-essential activities. The following examples of non-priority expenditure have been observed, and need to be eliminated:

- ✓ excessive sponsorship of music festivals, beauty pageants and sporting events, including the purchase of tickets to events for councillors and/or officials;
- ✓ public relations projects and activities that are not centred on actual service delivery or are not a municipal function (e.g. celebrations; gala dinners; commemorations, advertising and voter education);
- ✓ LED projects that serve the narrow interests of only a small number of beneficiaries or fall within the mandates of other government departments such as the Department of Agriculture;
- ✓ excessive catering for meetings and other events, including the use of public funds to buy alcoholic beverages;
- ✓ arranging workshops and events at expensive private venues, especially ones outside the municipality (as opposed to using the municipality's own venues);
- ✓ excessive printing costs (instead of maximising the use of the municipality's website, including providing facilities for the public to access the website);
- ✓ excessive luxurious office accommodation and office furnishings;
- ✓ foreign travel by mayors, councillors and officials, particularly 'study tours';
- ✓ excessive councillor and staff perks such as luxurious mayoral cars and houses, notebooks, IPADS and cell-phone allowances; travel and subsistence allowances (certain of these may be irregular spending – see paragraph 4.8 below);

- ✓ excessive staff in the office of the mayor – particularly the appointment of political ‘advisors’ and ‘spokespersons’;
- ✓ all donations to individuals that are not made in terms of the municipality’s indigent policy or a bursary scheme; for instance donations to cover funeral costs (other than pauper burials which is a district municipality function);
- ✓ costs associated with long-standing staff suspensions and the legal costs associated with not following due process when suspending or dismissing staff, as well as payment of severance packages or ‘golden handshakes’; and
- ✓ the use of consultants to perform routine management tasks, and the payment of excessive fees to consultants.

Principles guiding the budget process

- ✓ Ensuring that expenditure is aligned to revenue and that the municipality has sufficient cash to finance the expenditure.
- ✓ Ensure that the municipality avoids borrowings due to the dependence on grant revenue
- ✓ Ensure that the municipality maintains sufficient reserves for rainy days and capital expansion.
- ✓ Ensure that the budget respond to priorities enlisted in the IDP.
- ✓ Review of all programmes and cost centres to minimise wastage.
- ✓ Reprioritisation of expenditure programmes to curb the growing personnel and operating expenditure.
- ✓ Ensure that services are cost reflective, affordable and sustainable.
- ✓ Ensure that realistic revenue targets are set based on trends.
- ✓ Follow the national guide on salary and CPI projections.

2.5 Overview of budget funding

The budget will be funded through grant revenue constituting 83 per cent, own revenue projected based on revenue trends 17 per cent and accumulated funds 1.6 per cent or R 1 284 million. The cash flow projections of the municipality show the following projections;

Description	Amount R 000
Bank Balance	9 047
Short term deposit	21 294
Total cash	30 341
Commitments	
Provisions	3 914
Retentions	3 609
Unspent capital budget	9 667
Unspent operating budget	8 302
Accumulated not committed for other purposes	4 849

A total of R 4 849 will be available to fund the budget shortfall of R 1 284 as projected for 2012/13 budget year. Council has also appropriated for provisions in the current year budget to tune of R 4 182 million. Gazette grants due to the municipality in 2012/13 MTREF are as follows;

Table 26: MBRR - Supporting Table SA18 Transfers and grant receipts

Description R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		21,672	31,743	35,052	42,952	43,462	40,562	50,322	53,306	57,482
Local Government Equitable Share		20,291	29,912	33,103	40,562	40,562	40,562	46,115	50,004	54,116
Finance Management		480	1,020	1,250	1,500	1,500		1,500	1,500	1,500
Municipal Systems Improvement		848	715	669	790	790		800	900	900
Other transfers/grants [LGSETA]		53	95	30	100	100		115	100	100
EPWP Incentive						510		1,012		
MIG operating grant								780	802	866
Provincial Government:		491	-	300	-	-	-	-	-	-
Housing		491		300						
District Municipality:		282	424	1,107	-	-	-	-	-	-
Ward Committee		282	424	1,107	-	-	-	-	-	-
Total Operating Transfers and Grants	5	22,445	32,167	36,459	42,952	43,462	40,562	50,322	53,306	57,482
<u>Capital Transfers and Grants</u>										
National Government:		2,321	11,790	-	14,562	14,562	14,562	17,910	18,914	19,990
Municipal Infrastructure Grant (MIG)		2,321	11,790	-	14,562	14,562	14,562	17,910	18,914	19,990
Total Capital Transfers and Grants	5	2,321	11,790	-	14,562	14,562	14,562	17,910	18,914	19,990
TOTAL RECEIPTS OF TRANSFERS & GRANTS		24,766	43,957	36,459	57,514	58,024	55,124	68,232	72,220	77,472

Tariffs are increased by average of 8% and the objective of council is to ensure that all the tariffs are affordable but yet sustainable.

Table 27 Tariffs for 2012/13 budget year

TARIFFS AND CHARGES FOR 2011/2012						
NO	NATURE OF SERVICE	DESCRIPTION	FREQUENCY	BUDGET YEAR 2010/2011 R	CURRENT YEAR 2011/2012 R	ADOPTED TARIFFS 2012/2013 R
1	General service for residential sites					
		All households with refuse removal	Per month	25.00	30.00	30.00
		CBD area proclaimed area rural				30.00
		Residential site				30.00
		Proclaimed Fully serviced area				30.00
		Semi/ not serviced				30.00
		Rural				30.00
2	General service for business sites and government departments	Bulk container once a week	Per month	1,600.00	1,650.00	4 600.00
		General service	Per month	40.00	50.00	200.00
		Extra ordinary refuse				
		garden	Per load	600.00	650.00	650.00
		building	Per load	800.00	850.00	850.00
		Own delivery-Garden	Per load(tons)		300.00	300.00
		- Building	Per load (tons)		400.00	400.00
		-Rubble	For free		0.00	0.00

		Removal of animal carcasses	Per request			Free
		-Removal of condemned foodstuffs per load of one ton or more	Per request	N/A	N/A	R120.00
		Removal of compactable bulky waste per 6m3(skip container)	Per collection	N/A	N/A	R 300.00
		Removal of non-compactable bulky waste per 6m3(skip container)	Per collection	N/A	N/A	R 400.00
	Business, Households and government					
		Per light delivery van or trailer load exceeding one ton	Per delivery	N/A	N/A	R 80.00
		Per load not exceeding three ton but exceeding one ton	Per delivery	N/A	N/A	R 200.00
		Per load not exceeding six ton but exceeding three ton	Per delivery	N/A	N/A	R500.00
		Per load not exceeding ten ton but exceeding six ton	Per delivery	N/A	N/A	R700.00
		Per load exceeding ten ton	Per delivery	N/A	N/A	R900.00
		Rubble- Builder's rubble is for free because it can be utilised for landfill maintenance and for wet weather cell during rainy seasons.	Per delivery	N/A	N/A	Free

3	Sale of sites	Business sites				
		CBD area (Prime)	Per square meter	100.00	100.00	100.00
		Proclaimed area	Per square meter	40.00	45.00	45.00
		Rural	Per square meter	30.00	35.00	35.00
		Residential				
		Proclaimed fully serviced area	Per square meter	30.00	35.00	35.00
		Semi/ not serviced	Per square meter	5.00	7.00	7.00
		Rural	Per square meter	3.00	5.00	5.00
4	Land use/ Permission to occupy					
		Residential site		10.00	20.00	20.00
		Church site		75.00	80.00	80.00
		Tarven/ Shebeen		40.00	45.00	45.00
		Bottle store		150.00	155.00	155.00
		Institutional site		135.00	140.00	140.00
		Motor mechanic/ Scrap yard		100.00	110.00	110.00
		Driving School		110.00	120.00	120.00
		Car Wash		60.00	70.00	70.00
		Filling station		145.00	150.00	150.00
		Guest house		125.00	130.00	130.00
		General dealer		95.00	100.00	100.00
		Bakery		80.00	85.00	85.00
		Butchery		100.00	110.00	110.00
		Shopping center		200.00	220.00	220.00
		Tuckshop		80.00	85.00	85.00
		Manufacturing industry		300.00	350.00	350.00
		Mortuary		115.00	120.00	120.00
		Recreational and other facilities		80.00	85.00	85.00
		Salon/ dress making		70.00	80.00	80.00
		Farm/ Orchard site		95.00	100.00	100.00
5	Building plans					
		Approval of building plans	Per square meter	2.50	3.00	3.00
		Inspection	Per building	110.00	120.00	120.00
6	Hiring of council facilities					
	Community halls					
		Private individuals	Day use	300.00	200.00	300.00
		Private individuals.	Day & Night use	300.00	200.00	450.00
		Churches, NPO's,	Day use	300.00	200.00	300.00

		political organisations ,unions, clubs and other cultural and sporting organisations				
		Churches, NPO's, political organisations ,unions, clubs and other cultural and sporting organisations	Day & night use	300.00	200.00	300.00
		Hiring by government & business	Day use	350.00	350.00	350.00
		Hiring by government & business	Day & night use	350.00	350.00	500.00
		The use of kitchen and equipments	Per request	250.00	100.00	100.00
		Guest house	Per day	350.00	350.00	350.00
		Deposit refundable	Per request	100.00	100.00	100.00
	Civic hall					
		Churches, NPO's, political organisations ,unions, clubs and other cultural and sporting organisations	Day use	800.00	600.00	600.00
		Churches, NPO's, political organisations ,unions, clubs and other cultural and sporting organisations	Day & night	2,000.00	1,300.00	1,300.00
		Hiring by government & business	Day use	800.00	800.00	800.00
		Hiring by government & business	Day & night	2,000.00	1,600.00	1,600.00
		The use of kitchen and equipments	Per request	250.00	250.00	250.00
		Deposit refundable	Cleared in five days	350.00	350.00	350.00
	Professional sports (PSL & Others		10% gate takings	750.00		-
		no profit motive	per day		-	-
			15% of gate takings	1,000.00		-
			per night			-
			500 deposit refundable			-
			night and day	1,500.00		-
			500 deposit			-
			refundable			-
		activities with profit motive	15% gate taking per day	1,000.00	1,000.00	1,000.00
			500 deposit refundable		500.00	500.00
	Activities with profit motive should be forbidden					
	Boardroom per day					

		For use by organized business, labour ,political organisations, government	Day use	250.00	200.00	100.00
		Deposit refundable		200.00		0.00
		Deposit refundable		100.00		0.00
	Parking					
		Parking under shade	Per month	25.00	40.00	40.00
		Parking in an open area	Per month	25.00	20.00	25.00
	Recreational facilities					
		Multi-purpose club	Per person	N/A	5.00	2.50
		Municipal pool	Per person	N/A	2.50	2.50
		Sports facility	Per day	N/A	250.00	300.00
		Tuck shop	Per day			
	Grader					
		Hiring of Grader	Per hour	N/A	350.00	700.00
7	Leasing of municipal property					
		Fetakgomo Atok Thusong Service Center	Per square meter per month including	50.00	10% increment per annum	10% increment per annum
		Leasing of hawker stalls	Per Month	N/A	N/A	80.00
9	Billboards					
		Banner	For 14 days per banner	60.00	20.00	20.00
		Poster	For 14 days per poster	2.00	2.00	2.00
		Election posters	Per registration of candidate	N/A	N/A	50.00
10	Sale of documents :Access fees in line with the Promotion of Access to Information Act (PAIA), section 54(7)					
		Sale of documents (requirement by the public).	Per document	2.00	20.00	25.00
		Valuation certificate	Per request	0.00	0.00	50.00
		Letter of demand	Per letter	0.00	0.00	7.50
		Municipal fax machine by external parties	per page	10.00	4.00	4.00
		Photocopies	per page		1.00	1.00
		Tender documents -80/20 s tenders	Per document	200.00	200.000	250.00
		Tender documents -90/10 tenders	Per document	250.00	250.000	300.00

		-Request for quotation documents as per notice board		0.00	0.00	R25.00
		Public documents; IDP, Budget, Annual report, SDBIP, audit reports, valuation roll etc	Per document	2.00	20.00	50.00
		Photo copy of A4 size page	Per page	N/A	N/A	1.10
		Print outs of documents stored on a computer	Per page	N/A	N/A	0.75
		For a copy of computer readable form on a :				
		i. Flash memory disk	Per copy	N/A	N/A	7.50
		ii. Compact disk	Per copy	N/A	N/A	70.00
		For a transcript of visual images for A4 size page or part of	Per page	N/A	N/A	40.00
		For a copy of visual images and/or maps	Per image	N/A	N/A	60.00
	Collection of outstanding debts	Debts exceeding 120 days	Business			R30.00
		Debts exceeding 120 days	Individual Households			R10.00
10	Property rates & taxes					
		Residential	Per property	0,007	0.007	0.007
		Business	Per property	0,007	0.007	0.007
		Agriculture	Per property	0,007	0.001	0.001
		Public Service Infrastructure	Per property	0,014	0.014	0.014
		State Owned	Per property	0,014	0.014	0.014

Table 28 MBBR Supporting Table SA15 Investment particulars by type

Investment type	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
Parent municipality										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank		5,087	10,734	7,851	9,252	9,252	9,252	8,577	8,971	12,547
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
Municipality sub-total	1	5,087	10,734	7,851	9,252	9,252	9,252	8,577	8,971	12,547
Consolidated total:		5,087	10,734	7,851	9,252	9,252	9,252	8,577	8,971	12,547

2.6 Overview of budget related-policies

A. SUPPLY CHAIN MANAGEMENT POLICY

The supply chain management policy has been amended to incorporate the new supply chain management regulations and has already been adopted by Council in the current financial year 2011/12

B. ASSET MANAGEMENT POLICY

This policy is already been reviewed and approved by council in the second quarter to ensure alignment to GRAP17.

C. BAD DEBTS WRITE OFF POLICY

This policy is already reviewed and approved by council in the third quarter.

D. THE CREDIT CONTROL AND DEBT COLLECTION POLICY.

The credit control and debt collection policy as approved by Council is currently reviewed for Council consideration. Key changes proposed in the reviewed policy

E. BUDGET ADJUSTMENT POLICY AND VIREMENT POLICY

The key amendments to the budget and virement policy relates to changes of the percentage of virement that could be made between votes, that is from 10 to 20 per cent. Responsibilities of all relevant officials who can affect a budget virement have been defined better.

F. CASH MANAGEMENT AND INVESTMENT POLICY

The policy has not reviewed in the current financial year as is still relevant. Further reviews will be made in the next financial year.

G. Tariff policy

The tariff policy has been amended to include new sources of revenue which including fines and penalties for dumping sites, the municipality will have an opportunity to become a water service provider and that has been included in the tariff policy as well new measures for indigents.

H. INDIGENT MANAGEMENT POLICY

This policy has been reviewed in the previous financial and is still relevant therefore no review will be conducted in the current year.

I. PROPERTY RATES POLICY

This policy was reviewed to cater for the possible key policy issues that were omitted in the previous financial year.

J. AUDIT COMMITTEE REMUNARATION FRAMEWORK

The purpose of this review is to ensure that there is a policy that regulated the payment of sitting allowance to the audit committee members.

All the above policies are available on the municipality's website.

2.7 Expenditure on grants and reconciliation of unspent funds

Table 29: MBRR - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
<u>Operating transfers and grants:</u>	1,3									
National Government:										
Balance unspent at beginning of the year										
Current year receipts		20,291	27,154	33,103	43,672	44,182	48,772	49,310	53,306	57,782
Conditions met - transferred to revenue		20,291	26,888	33,103	43,672	44,182	48,772	49,310	53,306	57,782
Conditions still to be met - transferred to liabilities			266							
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
District Municipality:										
Balance unspent at beginning of the year		34	45							
Current year receipts		293	307							
Conditions met - transferred to revenue		282	(102)	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		45	454							
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts										
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities										
Total operating transfers and grants revenue		20,573	26,786	33,103	43,672	44,182	48,772	49,310	53,306	57,782
Total operating transfers and grants - CTBM	2	45	720	-	-	-	-	-	-	-
<u>Capital transfers and grants:</u>	1,3									
National Government:										
Balance unspent at beginning of the year		1,741	4,234	4,846		962	962	2,937	3,582	3,783
Current year receipts		4,814	8,113	15,967	11,750	11,750	11,750	14,328	15,131	17,991
Conditions met - transferred to revenue		2,321	7,501	19,852	8,812	9,774	9,774	13,684	14,930	19,775
Conditions still to be met - transferred to liabilities		4,234	4,846	962	2,937	2,937	2,937	3,582	3,783	1,999
Total capital transfers and grants revenue		2,321	7,501	19,852	8,812	9,774	9,774	13,684	14,930	19,775
Total capital transfers and grants - CTBM	2	4,234	4,846	962	2,937	2,937	2,937	3,582	3,783	1,999
TOTAL TRANSFERS AND GRANTS REVENUE		22,893	34,287	52,955	52,484	53,956	58,546	62,993	68,236	77,557
TOTAL TRANSFERS AND GRANTS - CTBM		4,279	5,566	962	2,937	2,937	2,937	3,582	3,783	1,999

2.8 Councillor and employee benefits

Table 30: MBRR - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration R thousand	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
–	1	A	B	C	D	E	F	G	H	I
<u>Councillors (Political Office Bearers plus Other)</u>										
Basic Salaries and Wages		5,121	3,533	3,588	4,508	4,508	4,508	4,384	4,647	4,972
Pension and UIF Contributions			844	866	1,022	1,022	1,022	1,017	1,078	1,153
Medical Aid Contributions										
Motor Vehicle Allowance			1,162	1,283	1,431	1,431	1,431	1,506	1,596	1,708
Cellphone Allowance			88							
Housing Allowances										
Other benefits and allowances								100	106	113
Sub Total - Councillors		5,121	5,626	5,737	6,962	6,962	6,962	7,006	7,427	7,947
% increase	4		9.9%	2.0%	21.4%	–	–	0.6%	6.0%	7.0%
<u>Senior Managers of the Municipality</u>	2									
Basic Salaries and Wages		1,527	1,184	1,401	2,518	2,081	2,081	2,609	2,972	3,187
Pension and UIF Contributions			114	220	168	258	258	402	428	459
Medical Aid Contributions				7	26	–	–	–	–	–
Performance Bonus		154	140	253	433	403	403	360	383	411
Motor Vehicle Allowance	3		333	312	423	310	310	591	628	672
Cellphone Allowance	3		27	31	44	33	33	43	46	49
Housing Allowances	3		–	–	–	–	–	137	145	156
Other benefits and allowances	3	–	179	170	355	247	247	290	308	331
Sub Total - Senior Managers of Municipality		1,680	1,977	2,393	3,967	3,332	3,332	4,433	4,911	5,264
% increase	4		17.7%	21.0%	65.8%	(16.0%)	–	33.1%	10.8%	7.2%
<u>Other Municipal Staff</u>										
Basic Salaries and Wages		5,494	7,597	7,944	9,954	9,930	9,930	12,426	13,031	13,956
Pension and UIF Contributions		715	962	2,320	3,061	2,836	2,836	2,447	2,607	2,792
Medical Aid Contributions		176	296	1,008	1,535	1,328	1,328	1,691	1,801	1,929
Overtime		12	11	16	55	70	70	147	157	168
Performance Bonus										
Motor Vehicle Allowance	3	1,184	1,111	2,431	3,151	3,058	3,058	3,705	3,707	3,975
Cellphone Allowance	3		103	185	184	182	182	213	227	243
Housing Allowances	3	13	1	147	275	211	211	72	77	82
Other benefits and allowances	3	995	837	1,388	1,498	1,650	1,650	1,527	602	2,059
Sub Total - Other Municipal Staff		8,589	10,917	15,438	19,712	19,266	19,266	22,228	22,209	25,204
% increase	4		27.1%	41.4%	27.7%	(2.3%)	–	15.4%	(0.1%)	13.5%
Total Parent Municipality		15,390	18,520	23,568	30,641	29,559	29,559	33,667	34,547	38,414
			20.3%	27.3%	30.0%	(3.5%)	–	13.9%	2.6%	11.2%
Total Municipal Entities		–	–	–	–	–	–	–	–	–
TOTAL SALARY, ALLOWANCES & BENEFITS		15,390	18,520	23,568	30,641	29,559	29,559	33,667	34,547	38,414
% increase	4		20.3%	27.3%	30.0%	(3.5%)	–	13.9%	2.6%	11.2%
TOTAL MANAGERS AND STAFF	5	10,270	12,894	17,831	23,679	22,597	22,597	26,661	27,120	30,467

Table 31 MBRR - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4		323,564	92,653	195,455			611,672
Chief Whip			347,626	87,276	138,304			573,206
Mayor			411,459	114,953	207,055			733,467
Executive Committee			688,816	197,228	444,152			1,330,196
Total for all other councillors			2,012,160	666,393	1,078,906			3,757,459
Total Councillors	8	–	3,783,625	1,158,503	2,063,872			7,006,000
Senior Managers of the Municipality	5							
Municipal Manager			559,122	197,766	180,880	90,000		1,027,768
Chief Finance Officer			512,558	107,484	193,132	90,000		903,174
Strategic Manager- Corporate Services			524,765	101,628	141,316	90,000		857,709
Strategic Manager- Technical Services			553,491	84,600	148,400	–		786,491
Strategic Manager- Development Planning			642,660	58,011	67,007	90,000		857,678
								–
								–
Total Senior Managers of the Municipality	8	–	2,792,596	549,489	730,735	360,000		4,432,820
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION		–	6,576,221	1,707,992	2,794,607	360,000		11,438,820

Table 32 MBRR - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers	Ref	2010/11			Current Year 2011/12			Budget Year 2012/13		
Number	1,2	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities										
Councillors (Political Office Bearers plus Other Councillors)		25	3	22	25	3	22	25	3	22
Board Members of municipal entities	4									
Municipal employees	5									
Municipal Manager and Senior Managers	3	4		4	4		4	4		4
Other Managers	7	12	10	2	13	11	2	13	11	2
Professionals		49	43	5	58	51	7	65	56	9
<i>Finance</i>		14	9	5	15	9	6	16	10	6
<i>Spatial/town planning</i>		1	1		1	1				
<i>Information Technology</i>		2	1		2	1	1	3	2	1
<i>Roads</i>										
<i>Electricity</i>					1	1		1	1	
<i>Water</i>										
<i>Sanitation</i>										
<i>Refuse</i>		1	1		6	6		6	6	
<i>Other</i>		31	31		33	33		39	37	2
Technicians		–	–	–	–	–	–	–	–	–
<i>Finance</i>										
Clerks (Clerical and administrative)		5	5		5	5		5	5	
TOTAL PERSONNEL NUMBERS		95	61	33	105	70	35	112	75	37

Table 33 MBRR - Supporting Table SA32 List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
Leledu security services	Yrs	3 years	Security services municipal buildings	01/08/2014	5,760
Riverside choene	Mths	12 months	Extention of municipal building	08/09/2010	8,576
Ditiro construction	Mths	7 months	Construction of recreational park	04/03/2011	1,610
Phetlago Construction	Mths	8 months	Construction of sports complex	06/08/2011	2,200
Phetlago Construction	Mths	8 months	Construction of Thusong Service Center	01/12/2011	8,320
Phetlago Construction	Mths	6 months	Construction of community hall	30/12/2012	856
Khora technologies	Yrs	3 years	Lease of computer equipments	30/06/2013	856

2.9 Monthly target for revenue, expenditure and cash flow

Table 34 MBRR - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source	–															
Property rates		35	45	64	59	78		70	78	90	80	99	203	900	954	1,012
Property rates - penalties & collection charges				2		3		6		3			6	20	21	22
Service charges - refuse revenue		106	167	176	192	388	102	163	192		198	201	419	2,304	2,442	2,589
Service charges – other		5		14		9	19	15	6	14	16	15	90	202	115	120
Rental of facilities and equipment			4	10	13		19	17	6		40	17	78	203	262	277
Interest earned - external investments		92	88		104	99		121	100	78	108	105	6	900	954	1,011
Interest earned - outstanding debtors							20						46	66	70	74
Fines		6	14	15	16	10	17	12	11	16	10	9	66	200	212	225
Licences and permits		42	345	589	202	102	5	163	71		258	205	519	2,500	1,800	2,100
Agency services						106		84	125		89	100	246	750	795	843
Transfers recognised – operational		16,656		5,800		2,042	7,960	4,099	2,300	11,465		–	(0)	50,322	53,842	58,018
Other revenue		183	393	223	581	112	150	189	89	112	253	189	327	2,800	2,900	3,500
Total Revenue (excluding capital transfers and contributions)		17,125	1,056	6,893	1,165	2,947	8,292	4,938	2,977	11,777	1,052	939	2,006	61,167	64,368	69,791
Expenditure By Type	–															
Employee related costs		1,935	1,935	1,935	2,301	2,301	2,301	2,301	2,301	2,301	2,301	2,301	2,446	26,658	28,434	30,466
Remuneration of councillors		584	584	584	584	584	584	584	584	584	584	584	584	7,006	7,427	7,947
Debt impairment		250	150	200	125	250	145	250	250	250	145	120	224	2,358	1,947	1,200
Depreciation & asset impairment		200	152	152	152	152	200	152	152	152	122	122	115	1,824	2,810	2,950
Finance charges			11				32			42			–	85	91	98
Bulk purchases		108	145	138	88	108	108	160	98	145	81	–	120	1,300	1,600	2,000
Contracted services		160	160	160	160	160	160	160	160	160	160	160	154	1,914	2,028	2,200
Other expenditure		1,277	1,277	2,277	1,277	1,277	1,977	1,277	1,077	1,277	1,277	1,277	1,576	17,128	18,144	20,783
Loss on disposal of PPE													–	–	–	–
Total Expenditure		4,515	4,414	5,446	4,687	4,832	5,508	4,884	4,622	4,911	4,670	4,564	5,219	58,273	62,481	67,645
Surplus/(Deficit)		12,610	(3,357)	1,447	(3,522)	(1,885)	2,784	54	(1,645)	6,866	(3,619)	(3,625)	(3,212)	2,895	1,887	2,147
Transfers recognised – capital		565	598		2,658	898	1,590	827		6,589		2,560	1,626	17,910	18,914	19,990
Surplus/(Deficit) after capital transfers & contributions		13,175	(2,759)	1,447	(864)	(987)	4,374	880	(1,645)	13,455	(3,619)	(1,065)	(1,587)	20,805	20,801	22,136
Surplus/(Deficit)	1	13,175	(2,759)	1,447	(864)	(987)	4,374	880	(1,645)	13,455	(3,619)	(1,065)	(1,587)	20,805	20,801	22,136

Table 35 MBRR - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue by Vote	-															
Vote 1 - Corporate Services		6,645	890	1,401	1,845	588	2,015	1,304	1,252	5,069	1,399	1,802	3,471	27,681	30,017	32,471
Vote 2 - Municipal Manager		984					968			710			31	2,693	2,920	3,160
Vote 3 - Budget & Treasury		2,507	1,706	1,813	309	502	1,089	542			300	30	1,274	10,072	10,538	11,600
Vote 4 - Community Services		4,790	1,568	898	344	1,546	900	452	479	500	500	126	1,933	14,036	13,688	14,764
Vote 5 - Technical Services		2,959	156	2,058	856	857	2,055	2,451	1,465	3,507	1,050	890	1,925	20,228	21,384	22,661
Vote 6 - Development Planning		1,418					1,013			1,879			58	4,368	4,736	5,126
Total Revenue by Vote		19,302	4,319	6,170	3,354	3,493	8,040	4,749	3,196	11,666	3,249	2,848	8,693	79,078	83,282	89,781
Expenditure by Vote to be appropriated	-															
Vote 1 - Corporate Services		2,152	2,152	2,152	2,152	2,152	2,152	2,152	2,152	2,152	2,152	2,152	2,068	25,736	28,694	31,779
Vote 2 - Municipal Manager		256	202	220	220	250	189	259	190	220	209	221	547	2,982	2,955	3,167
Vote 3 - Budget & Treasury		989	704	850	308	255	1,850	889	678	1,650	700	220	801	9,893	9,694	10,144
Vote 4 - Community Services		756	699	950	650	920	1,213	857	658	1,562	812	1,018	368	10,462	11,360	11,728
Vote 5 - Technical Services		1,200	687	490	336	210	155	251	182	356	254	179	363	4,663	5,077	5,711
Vote 6 - Development Planning		202	321	523	260	252	289	485	298	673	203	450	581	4,536	4,702	5,117
Total Expenditure by Vote		5,555	4,764	5,185	3,926	4,039	5,848	4,892	4,158	6,613	4,329	4,238	4,728	58,273	62,481	67,645
Surplus/(Deficit) before assoc.		13,747	(445)	986	(572)	(546)	2,193	(144)	(962)	5,053	(1,080)	(1,391)	3,965	20,805	20,801	22,136
Taxation													-	-	-	-
Attributable to minorities													-	-	-	-
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	13,747	(445)	986	(572)	(546)	2,193	(144)	(962)	5,053	(1,080)	(1,391)	3,965	20,805	20,801	22,136

Table 36: MBRR - Supporting Table SA27 Budgeted monthly revenue and expenditure (standard classification)

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue - Standard	-															
Governance and administration		10,136	2,595	3,214	2,154	1,090	4,073	1,846	1,252	5,779	1,699	1,832	4,776	40,446	43,475	47,231
Executive and council		984					968			710			30	2,693	2,920	3,160
Budget and treasury office		2,507	1,706	1,813	309	502	1,089	542			300	30	1,274	10,072	10,538	11,600
Corporate services		6,645	890	1,401	1,845	588	2,015	1,304	1,252	5,069	1,399	1,802	3,471	27,681	30,017	32,471
Community and public safety		4,790	1,568	898	344	1,546	900	452	479	500	500	126	1,933	14,036	13,688	14,764
Community and social services		4,790	1,568	898	344	1,546	900	452	479	500	500	126	1,933	14,036	13,688	14,764
Economic and environmental services		4,377	156	2,058	856	857	3,067	2,451	1,465	5,386	1,050	890	1,983	24,596	26,120	27,786
Planning and development		4,377	156	2,058	856	857	3,067	2,451	1,465	5,386	1,050	890	1,983	24,596	26,120	27,786
Total Revenue - Standard		19,302	4,319	6,170	3,354	3,493	8,040	4,749	3,196	11,666	3,249	2,848	8,692	79,078	83,282	89,781
			6,043	9,126	4,554	5,895	12,976	7,651	5,140	18,262	4,799	3,863				
Expenditure - Standard	-															
Governance and administration		3,397	3,058	3,222	2,680	2,657	4,191	3,300	3,020	4,022	3,061	2,593	3,411	38,611	41,343	45,089
Executive and council		256	202	220	220	250	189	259	190	220	209	221	547	2,982	2,955	3,167
Budget and treasury office		989	704	850	308	255	1,850	889	678	1,650	700	220	801	9,893	9,694	10,144
Corporate services		2,152	2,152	2,152	2,152	2,152	2,152	2,152	2,152	2,152	2,152	2,152	2,064	25,736	28,694	31,779
Community and public safety		756	699	950	650	920	1,213	857	658	1,562	812	1,018	368	10,462	11,360	11,728
Community and social services		756	699	950	650	920	1,213	857	658	1,562	812	1,018	368	10,462	11,360	11,728
Economic and environmental services		1,402	1,008	1,013	596	462	444	736	480	1,029	457	629	944	9,199	9,779	10,828
Planning and development		1,402	1,008	1,013	596	462	444	736	480	1,029	457	629	944	9,199	9,779	10,828
Total Expenditure - Standard		5,555	4,765	5,185	3,926	4,039	5,848	4,893	4,158	6,613	4,329	4,239	4,723	58,273	62,481	67,645
Surplus/(Deficit) before assoc.		13,747	(445)	985	(572)	(546)	2,192	(144)	(962)	5,053	(1,080)	(1,392)	3,969	20,805	20,801	22,136
Share of surplus/ (deficit) of associate													-	-	-	-
Surplus/(Deficit)	1	13,747	(445)	985	(572)	(546)	2,192	(144)	(962)	5,053	(1,080)	(1,392)	3,969	20,805	20,801	22,136

Table 37: MBRR - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description R thousand	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Multi-year expenditure to be appropriated	1															
Vote 1 - Corporate Services		–	111	102	200	–	186	190	20	112	168	146	50	1,285	70	190
Vote 2 - Municipal Manager													–	–	–	–
Vote 3 - Budget & Treasury													–	–	–	–
Vote 4 - Community Services		–	1,087	1,562	1,002	896	2,300	–	423				637	7,907	5,770	4,900
Vote 5 - Technical Services				83									–	83	57	57
Vote 6 - Development Planning													–	–	–	–
Vote 7 - Infrastructure		–	–	405	826	1,314	1,261	1,512	540	–	41	–	792	6,691	15,000	19,500
Vote 8 - Socio-Economic		964	412	256	896	349	305	895	56	1,106	479	260	189	6,166	450	–
Capital multi-year expenditure sub-total	2	964	1,610	2,408	2,924	2,559	4,052	2,597	1,039	1,218	688	406	1,668	22,133	21,347	24,647
Total Capital Expenditure	2	964	1,610	2,408	2,924	2,559	4,052	2,597	1,039	1,218	688	406	1,668	22,133	21,347	24,647

Table 38 MBRR - Supporting Table SA29 Budgeted monthly capital expenditure (standard classification)

Description R thousand	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Capital Expenditure - Standard	1															
Governance and administration		126	101	102	108	130	106	109	200	101	108	76	19	1,285	70	190
Executive and council													–	–	–	–
Budget and treasury office													–	–	–	–
Corporate services		126	101	102	108	130	106	109	200	101	108	76	19	1,285	70	190
Community and public safety		2,682	2,560	1,562	1,002	896	2,300	1,600	610	–	301	–	560	14,073	6,220	4,900
Community and social services		2,682	2,560	1,562	1,002	896	2,300	1,600	610		301		560	14,073	6,220	4,900
Sport and recreation													–	–	–	–
Public safety													–	–	–	–
Housing													–	–	–	–
Health													–	–	–	–
Economic and environmental services		–	–	803	–	1,896	1,534	1,511	–	458	547	–	26	6,774	15,057	19,557
Planning and development				803		1,896	1,534	1,511		458	547		26	6,774	15,057	19,557
Total Capital Expenditure - Standard	2	2,808	2,661	2,467	1,110	2,922	3,940	3,220	810	559	956	76	604	22,133	21,347	24,647

Table 39 MBRR - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Cash Receipts By Source													1		
Property rates	35	45	64	59	78		70	78	90	80	99	203	900	954	1,012
Property rates - penalties & collection charges			2		3		6		3			6	20	21	22
Service charges - refuse revenue	106	167	176	192	188		163	192		198	201	721	2,304	2,442	2,589
Service charges - other	5		14		9	19	15	6	14	16	15	90	202	115	120
Rental of facilities and equipment		4	10	13		19	17	6		40	17	78	203	262	277
Interest earned - external investments	92	88		104	99		121	100	78	108	105	6	900	954	1,011
Interest earned - outstanding debtors						20						46	66	70	74
Fines	6	14	15	16	10	17	12	11	16	10	9	66	200	212	225
Licences and permits	42	145	89	202	102	5	163	71		258	205	1,219	2,500	1,800	2,100
Agency services					106		84	125		89	100	246	750	795	843
Transfer receipts - operational	18,956		5,800		.	7,960	4,099		11,465		-	2,042	50,322	53,842	58,018
Other revenue	183	183	183	183	183	183	183	183	183	183	183	783	2,800	2,900	3,500
Cash Receipts by Source	19,425	647	6,353	768	776	8,223	4,932	772	11,849	982	933	5,507	61,167	64,368	69,791
Other Cash Flows by Source															
Transfer receipts - capital			5,970			5,970			5,970			-	17,910	18,914	19,990
Total Cash Receipts by Source	19,425	647	12,323	768	776	14,193	4,932	772	17,819	982	933	5,507	79,077	83,282	89,781
Cash Payments by Type															
Employee related costs	2,897	2,286	2,653	1,308	1,979	2,629	1,986	1,897	2,829	1,979	1,308	2,908	26,658	28,434	30,466
Remuneration of councillors	659	498	659	659	498	592	498	493	583	493	493	882	7,006	7,427	7,947
Finance charges		11				32			42			-	85	91	98
Bulk purchases - Electricity	108	145	138	88	108	108	160	98	145	81	-	120	1,300	1,600	2,000
Contracted services	161	154	160	109	160	198	128	160	160	108	160	259	1,914	2,028	2,200
Other expenditure	2,297	1,178	2,551	1,178	678	2,246	1,958	507	5,247	507	869	2,094	21,310	22,885	24,916
Cash Payments by Type	6,121	4,271	6,160	3,342	3,423	5,805	4,730	3,154	9,006	3,168	2,830	6,263	58,273	62,465	67,628
Other Cash Flows/Payments by Type															
Capital assets	1,425	1,583	1,151	2,381	2,209	2,601	1,189	1,522	3,207	479	990	3,396	22,133	21,347	24,647
Total Cash Payments by Type	7,546	5,854	7,311	5,723	5,632	8,406	5,919	4,676	12,213	3,647	3,820	9,658	80,405	83,812	92,275
NET INCREASE/(DECREASE) IN CASH HELD	11,879	(5,207)	5,012	(4,955)	(4,855)	5,787	(987)	(3,904)	5,606	(2,665)	(2,886)	(4,152)	(1,328)	(530)	(2,493)
Cash/cash equivalents at the month/year begin:	8,214	20,093	14,885	19,897	14,942	10,087	15,874	14,887	10,983	16,589	13,924	11,038	8,214	6,886	6,356
Cash/cash equivalents at the month/year end:	20,093	14,885	19,897	14,942	10,087	15,874	14,887	10,983	16,589	13,924	11,038	6,886	6,886	6,356	3,863

2.10 Legislation compliance status

Compliance with the MFMA implementation requirements have been adhered to through the following activities;

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes published performance on the municipality's website.

2. Internship programme

The municipality is participating in the Municipal Internship Programme and has deployed five interns undergoing training in various divisions of the Budget and Treasury Office. A total of five interns has since been appointed full time at the municipality since 2005 when the programme started. All other interns have been appointed by other government department or private business.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An audit committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detailed SDBIP document has been draft and will be signed by the Mayor within 10 working days post the adoption of the annual budget. The SDBIP is fully aligned to the IDP and budget.

6. Annual Report

Annual report is compiled in terms of MFMA and National Treasury requirements.

7. Policies

All policies which are amended are duly adopted by Council and placed on the municipal website, public facilities such as the library and other municipal offices.

2.11 Other supporting tables

Table 40 MBRR - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
REVENUE ITEMS:											
<u>Property rates</u>											
Total Property Rates	6				900	900	900	900	900	954	1,012
Net Property Rates		-	-	-	900	900	900	900	900	954	1,012
<u>Service charges - refuse revenue</u>											
Total refuse removal revenue	6				1,800	1,800	1,800	1,800	2,304	2,442	2,589
Net Service charges - refuse revenue		-	-	-	1,800	1,800	1,800	1,800	2,304	2,442	2,589
<u>Other Revenue by source</u>											
Other Revenue	1	1	236	2,114	3,200	3,210	3,210	3,210	2,800	2,900	3,500
Total 'Other' Revenue	1	1	236	2,114	3,200	3,210	3,210	3,210	2,800	2,900	3,500
EXPENDITURE ITEMS:											
<u>Employee related costs</u>											
Basic Salaries and Wages	2	7,996	11,046	10,710	14,251	13,740	13,740	13,740	16,150	17,209	18,441
Pension and UIF Contributions		924	1,362	2,941	3,751	3,584	3,584	3,584	3,065	3,265	3,496
Medical Aid Contributions		176	296	1,015	1,561	1,328	1,328	1,328	1,836	1,957	2,096
Overtime		12	11	16	55	70	70	70	147	157	168
Performance Bonus		154	140	253	433	403	403	403	360	383	411
Motor Vehicle Allowance		1,575	1,776	3,305	3,994	4,000	4,000	4,000	3,330	3,581	3,836
Cellphone Allowance		-	130	216	227	215	215	215	256	273	292
Housing Allowances		13	1	147	275	211	211	211	209	222	238
Other benefits and allowances		-	134	170	245	199	199	199	1,304	1,387	1,488
sub-total	5	10,850	14,896	18,772	24,792	23,750	23,750	23,750	26,658	28,434	30,466
Less: Employees costs capitalised to PPE											
Total Employee related costs	1	10,850	14,896	18,772	24,792	23,750	23,750	23,750	26,658	28,434	30,466
<u>Contributions recognised - capital</u>											
Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
<u>Depreciation & asset impairment</u>											
Depreciation of Property, Plant & Equipment		1,636	1,673	2,018	1,661	1,761	1,761	1,761	1,824	2,810	2,950
Total Depreciation & asset impairment	1	1,636	1,673	2,018	1,661	1,761	1,761	1,761	1,824	2,810	2,950
<u>Bulk purchases</u>											
Electricity Bulk Purchases		563	836	1,038	1,430	1,030	1,030	1,030	1,300	1,600	2,000
Water Bulk Purchases											
Total bulk purchases	1	563	836	1,038	1,430	1,030	1,030	1,030	1,300	1,600	2,000
<u>Contracted services</u>											
Security Services		736	910	873	1,000	1,840	1,840	1,840	1,914	2,028	2,200
sub-total	1	736	910	873	1,000	1,840	1,840	1,840	1,914	2,028	2,200
Allocations to organs of state:											
Total contracted services		736	910	873	1,000	1,840	1,840	1,840	1,914	2,028	2,200
<u>Other Expenditure By Type</u>	-										

Collection costs											
Contributions to 'other' provisions		701	245	605	540	540	540	540	520	505	456
Consultant fees		76	–	230	200	335	335	335	100	107	116
Audit fees		716	978	1,270	1,450	1,380	1,380	1,380	1,500	1,605	1,733
General expenses	3	6,882	8,275	10,219	11,846	12,810	12,810	12,810	15,008	15,928	18,478
Total 'Other' Expenditure	1	8,376	9,498	12,324	14,036	15,065	15,065	15,065	17,128	18,144	20,783

Repairs and Maintenance by Expenditure Item	8										
Employee related costs											
Other materials		325	268	449	794	571	571	571	714	1,289	1,875
Contracted Services											
Other Expenditure											
Total Repairs and Maintenance Expenditure	9	325	268	449	794	571	571	571	714	1,289	1,875

Table 41 MBBR - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Corporate Services	Vote 2 - Municipal Manager	Vote 3 - Budget & Treasury	Vote 4 - Community Services	Vote 5 - Technical Services	Vote 6 - Development Planning	Total
R thousand	1							
Revenue By Source								
Property rates				900				900
Property rates - penalties & collection charges				20				20
Service charges - electricity revenue								-
Service charges - water revenue								-
Service charges - sanitation revenue								-
Service charges - refuse revenue					2,304			2,304
Service charges - other	20			140	34		9	202
Rental of facilities and equipment	160				43			203
Interest earned - external investments				900				900
Interest earned - outstanding debtors					66			66
Dividends received					-			-
Fines					200			200
Licences and permits					2,500			2,500
Agency services					750			750
Other revenue				2,800				2,800
Transfers recognised - operational		27,501	2,693	5,312	8,139	2,318	4,359	50,322
Gains on disposal of PPE								-
Total Revenue (excluding capital transfers and contributions)		27,681	2,693	10,072	14,036	2,318	4,368	61,167
Expenditure By Type	-							
Employee related costs		8,086	2,278	5,536	4,770	2,788	3,200	26,658
Remuneration of councillors		7,006						7,006
Debt impairment				630	1,728			2,358
Depreciation & asset impairment		1,824						1,824
Finance charges				85				85
Bulk purchases						1,300		1,300
Other materials								-
Contracted services		1,914						1,914
Transfers and grants								-
Other expenditure		6,906	704	3,642	3,964	575	1,336	17,128
Loss on disposal of PPE								-
Total Expenditure		25,736	2,982	9,893	10,462	4,663	4,536	58,273
Surplus/(Deficit)		1,945	(289)	179	3,573	(2,345)	(168)	2,895
Transfers recognised - capital								-
Contributions recognised - capital								-
Contributed assets								-
Surplus/(Deficit) after capital transfers & contributions		1,945	(289)	179	3,573	(2,345)	(168)	2,895

Table 42 MBRR - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
ASSETS											
<u>Call investment deposits</u>											
Call deposits < 90 days											
Other current investments > 90 days		5,087	10,859	8,739	5,684	9,252	9,252	9,252	–	–	–
Total Call investment deposits	2	5,087	10,859	8,739	5,684	9,252	9,252	9,252	–	–	–
<u>Consumer debtors</u>											
Consumer debtors			176	112					3,812	4,950	4,420
Less: Provision for debt impairment											
Total Consumer debtors	2	–	176	112	–	–	–	–	3,812	4,950	4,420
<u>Property, plant and equipment (PPE)</u>											
PPE at cost/valuation (excl. finance leases)		32,797	43,361	60,150	63,811	64,873	64,873	64,873	82,489	99,239	120,286
Leases recognised as PPE	3										
Less: Accumulated depreciation		1,636	1,673	2,018	1,661	1,761	1,761	1,761	2,427	2,810	2,950
Total Property, plant and equipment (PPE)	2	31,161	41,688	58,132	62,150	63,112	63,112	63,112	80,062	96,429	117,336
LIABILITIES											
<u>Current liabilities - Borrowing</u>											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		96	73	140					267	213	126
Total Current liabilities - Borrowing		96	73	140	–	–	–	–	267	213	126
<u>Trade and other payables</u>											
Trade and other creditors		6,983	11,771	6,729	420	2,653	2,653		2,685	5,036	2,195
Unspent conditional transfers		4,589	7,790	1,002	2,000	4,807	4,807	4,807	1,795	1,918	1,193
VAT											
Total Trade and other payables	2	11,572	19,561	7,732	2,420	7,460	7,460	4,807	4,481	6,953	3,388
<u>Non current liabilities - Borrowing</u>											
Borrowing											
Finance leases (including PPP asset element)	4	128	55	129					568	430	256
Total Non current liabilities - Borrowing		128	55	129	–	–	–	–	568	430	256
Total Provisions - non-current		–	–	–	–	–	–	–	–	–	–
CHANGES IN NET ASSETS											
<u>Accumulated Surplus/(Deficit)</u>											
Accumulated Surplus/(Deficit) - opening balance		36,225	35,359	46,261	53,702	53,061	53,061	53,060	66,680	82,396	108,976
GRAP adjustments											
Restated balance		36,225	35,359	46,261	53,702	53,061	53,061	53,060	66,680	82,396	108,976
Surplus/(Deficit)		(883)	8,634	15,541	16,275	16,019	16,019	16,019	20,805	20,801	22,136
Appropriations to Reserves											
Accumulated Surplus/(Deficit)	1	35,342	43,992	61,802	69,977	69,079	69,079	69,079	87,485	103,198	131,113
<u>Reserves</u>											
Total Reserves	2	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	35,342	43,992	61,802	69,977	69,079	69,079	69,079	87,485	103,198	131,113

Table 43 MBRR - Supporting Table SA35 Future financial implications of the capital budget

Vote Description R thousand	Ref	2012/13 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Present value
Capital expenditure	1							
Vote 1 - Corporate Services		1,285	70	190				
Vote 2 - Municipal Manager		–	–	–				
Vote 3 - Budget & Treasury		–	–	–				
Vote 4 - Community Services		7,907	5,770	4,900				
Vote 5 - Technical Services		83	57	57				
Vote 6 - Development Planning		–	–	–				
Vote 7 - Infrastructure		6,691	15,000	19,500				
Vote 8 - Socio-Economic		6,166	450	–				
Total Capital Expenditure		22,133	21,347	24,647	–	–	–	–
Total future revenue		–	–	–	–	–	–	–
Net Financial Implications		22,133	21,347	24,647	–	–	–	–

Table 44 MBBR Table-Supporting Table SA12a Property rates by category (current year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Public benefit organs.	Mining Props.
Current Year 2011/12															
Valuation:															
No. of properties		203	6	498	33	57	6	25	–	–	–	101		7	2
Years since last valuation (select)					1	1	1	1	1	1	1	1	1	1	1
Frequency of valuation (select)		4	4	4	4	4	4	4	4	4	4	4		4	4
Method of valuation used (select)		Other Land & impr.	Other Land & impr.	Other Land & impr.	Other Land & impr.	Other Land & impr.	Other Land & impr.	Other Land & impr.	Other Land & impr.	Other Land & impr.	Other Land & impr.	Other Land & impr.	Other Land & impr.	Other Land & impr.	Other Land & impr.
Base of valuation (select)															
Phasing-in properties s21 (number)															
Combination of rating types used? (Y/N)		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Flat rate used? (Y/N)		No	No	No	No	No	No	No	No	No	No	No	No	No	No
Is balance rated by uniform rate/variable rate?		Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable
Total valuation reductions:															
Total value used for rating (Rm)	6	67	3	162	53	109	11	20				115	–	2	14
Total land value (Rm)	6														
Total value of improvements (Rm)	6														
Total market value (Rm)	6	67	3	162	53	109	11	20				115	–	2	14
Rating:															
Average rate	3	0.007000	0.014000	0.014000	0.007000	0.014000	–	0.014000				0.014000		0.007000	0.014000
Rate revenue budget (R '000)		234	18	1,136	186	763	–	140				808		5	96
Rate revenue expected to collect (R'000)		65	5	318	52	166		39				226		2	27
Expected cash collection rate (%)	4	95.0%	5.0%	40.0%	5.0%	5.0%		5.0%				80.0%		5.0%	60.0%
Special rating areas (R'000)															
Rebates, exemptions - indigent (R'000)															
Rebates, exemptions - pensioners (R'000)															
Rebates, exemptions - bona fide farm. (R'000)															
Rebates, exemptions - other (R'000)		15	150	15	15	15		15				15		15	15
Phase-in reductions/discounts (R'000)		85	–	85	85			85						85	
Total rebates,exemptns,redctns,discs (R'000)															

Table 45 MBBR Supporting Table SA12b Property rates by category (budget year)

Description	Ref	Resi.	Indust.	Bus. & Comm.	Farm props.	State-owned	Muni props.	Public service infra.	Private owned towns	Formal & Informal Settle.	Comm. Land	State trust land	Section 8(2)(n) (note 1)	Mining Props.
Budget Year 2012/13														
Valuation:														
No. of properties		203	6	498	33	57	6	25	–	–	–	101		2
No. of sectional title property values														
Years since last valuation (select)		2	2	2	2	2	2	2	2	2	2	2	2	2
Frequency of valuation (select)		4	4	4	4	4	4	4	4	4	4	4		4
Method of valuation used (select)		Other Land & impr.	Other Land & impr.	Other Land & impr.	Other Land & impr.	Other Land & impr.	Other Land & impr.	Other Land & impr.	Other Land & impr.	Other Land & impr.	Other Land & impr.	Other Land & impr.	Other Land & impr.	Other Land & impr.
Base of valuation (select)														
Phasing-in properties s21 (number)														
Combination of rating types used? (Y/N)		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Flat rate used? (Y/N)		No	No	No	No	No	No	No	No	No	No	No	No	No
Is balance rated by uniform rate/variable rate?		Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable	Variable
Total valuation reductions:														
Total value used for rating (Rm)	6	67	3	162	53	109	11	20				115	–	14
Total land value (Rm)	6													
Total value of improvements (Rm)	6													
Total market value (Rm)	6	67	3	162	53	109	11	20				115	–	14
Rating:														
Average rate	3	0.007000	0.014000	0.014000	0.007000	0.014000	–	0.014000				0.014000		0.014000
Rate revenue budget (R'000)		234	18	1,136	186	763	–	140				808		96
Rate revenue expected to collect (R'000)		65	5	318	52	166		39				226		27
Expected cash collection rate (%)	4	95.0%	5.0%	40.0%	5.0%	5.0%		5.0%				80.0%		60.0%
Special rating areas (R'000)														
Rebates, exemptions - indigent (R'000)														
Rebates, exemptions - pensioners (R'000)														
Rebates, exemptions - bona fide farm. (R'000)														
Rebates, exemptions - other (R'000)		15	150	15	15	15		15				15		15
Phase-in reductions/discounts (R'000)		85	–	85	85			85						
Total rebates,exemptns,eductns,discs (R'000)														

2.12 Table 46 MBRR- Detailed capital budget

Municipal Vote/Capital project	Ref		Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	2012/13 Medium Term Revenue & Expenditure Framework			Project information		
R thousand	4	Program/Project description	6	3	3	Current Year 2011/12 Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15	Ward location	New or renewal
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>											
Socio econmic		Mphanama Community Hall	No	Community	Community halls	1,210	1,790	250		Ward 2	New
Socio econmic		Strydkraal Community Hall	No	Community	Community halls	1,693	2,407	220		Ward 7	New
Socio econmic		Mohlaletse Thusong Center	No	Community	Civic Land and Buildings	2,884	5,716	450	–	Ward 3	New
socio economic		Retention for sports complex	No		Sportsfields & stadia		350	–			
Infrastructure		High Mast Lights	No	Infrastructure - Electricity	Street Lighting	4,387	5,191	9,000	7,000	Municipal wide	New
Infrastructure		Paving Hawkers Stall	Yes	Infrastructure - Road transport	Roads, Pavements & Bridges		500	1,000		Ward 8	New
Infrastructure		Extension of Street Lighting	No	Infrastructure - Electricity	Street Lighting			1,500	10,500	Municipal wide	New
Infrastructure		Upgrading of Sport Facility	No	Infrastructure - Other	Sportsfields & stadia				1,500	Ward 8	Renewal
Community		Fetakgoimo Library	No	Community	Libraries			2,200	2,800	Ward 8	New
Infrastructure		Upgrading Landfill Site	No	Community	Waste Management		1,500	4,500			
Infrastructure		retention for municipal offices	No		Buildings		450				
Community		Paving of Municipal Offices	No	Infrastructure - Other	Roads, Pavements & Bridges				2,000	Ward 8	New
Socio economic		Cemetries	No	Community	Cemeteries	300	400			Municipal wide	New
Vehicles		Specialised vehicles	No	Other Assets	Specialised vehicles - Refuse		1,250	2,100	600		
Others		Office equipments & furniture	No	Other Assets	Furniture and other office equipment		1,168	127	247		
Others			No	Other Assets	Furniture and other office equipment		1,410				
Parent Capital expenditure	1						22,133	21,347	24,647		

Table 47 MBRR - Supporting Table SA37 Projects delayed from previous financial year/s

Municipal Vote/Capital project	Ref. 1,2	Project name	Project number	Asset Class 3	Asset Sub- Class 3	GPS co- ordinates 4	Previous target year to complete	Current Year 2011/12		2012/13 Medium Term Revenue & Expenditure Framework		
								Original Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand							Year					
Parent municipality: <i>List all capital projects grouped by Municipal Vote</i>				<i>Examples</i>	<i>Examples</i>							
901-402010		Extension of municipal buildings		<i>Other</i>	<i>Buildings</i>		2011	5,869	4,680	–	–	–
901-401010		strydkraal community hall		<i>Community</i>	<i>Buildings</i>		2012	3,589	2,350	2,407	–	–
901-401020		Mohlaletse thusong service		<i>Community</i>	<i>Buildings</i>		2012	6,230	2,350	5,716	–	–